

May 12, 2008



**TRANSCRIPT  
May 12, 2008**

**MONTGOMERY COUNTY COUNCIL**

**PRESENT**

Councilmember Michael Knapp, President  
Councilmember Roger Berliner  
Councilmember Valerie Ervin  
Councilmember George Leventhal

Councilmember Phil Andrews, Vice President  
Councilmember Marc Elrich  
Councilmember Nancy Floreen  
Councilmember Duchy Trachtenberg



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1 President Knapp,  
2 Good morning everyone. Welcome. Thank you for joining us. We turn back to the  
3 Council's consideration of the FY09 Operating Budget. Our first item up this morning is  
4 the FY09 Operating Budget for the Regional Services Center. And I would invite any  
5 and all folks who want to. Anise, I believe you are the spokesperson this year, are you  
6 not?

7  
8 Anise Brown,  
9 Yes.

10  
11 President Knapp,  
12 For the benefit of our viewing public if everyone would just quickly introduce yourselves,  
13 and then, Anise, if you have any opening remarks you'd like to make.

14  
15 Anise Brown,  
16 Well good morning everyone. My name is I'm Anise Brown. I'm from the Eastern  
17 Montgomery Regional Services Center, better known as East County.

18  
19 Gary Stith,  
20 I'm Gary Stith, Director of the Silver Spring Regional Center.

21  
22 Ken Hartman,  
23 I'm Ken Hartman, Director of the Bethesda Chevy Chase Regional Services Center.

24  
25 Natalie Cantor,  
26 Natalie Cantor from Mid-County.

27  
28 Catherine Matthews,  
29 Catherine Matthews, Up County Regional Services.

30  
31 Beryl Feinberg,  
32 Beryl Feinberg, OMB. Good morning.

33  
34 President Knapp,  
35 Good morning everyone. Anise, do you have any opening comments you want to  
36 make?

37  
38 Anise Brown,  
39 We're just here to answer your questions. We'll turn it over to, of course, to our lead  
40 Council staff person. And if you have any questions we'll be happy to entertain them.  
41 Thank you.

42  
43 President Knapp,  
44 Thank you very much. Minna, any comments?



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1  
2 Minna Davidson,  
3 No.

4  
5 President Knapp,

6 Okay. This is pretty straight forward. Our work session on the Regional Services Center  
7 was on April 23. The committee recommended a net change of minus \$209,520 to the  
8 Executive's recommended \$4,738,410 budget. And the committee also recommended  
9 placing on the reconciliation list several additions totaling \$220,210. If you turn to page  
10 2 of your packet you can see the budget changes that we've outlined. We shift from the  
11 Mid County Regional Services Center to Department of Economic Development a  
12 Business Development Specialist III position, which accounts for a big chunk of the 209.  
13 Shift from Mid County to Wheaton Redevelopment CIP Project Planning Specialist III  
14 position. And shift from the Rec Department to Up County Regional Services Center  
15 funding for the Germantown Glory Independence Day. And we did that in order to be  
16 consistent with what we've been doing by funding the Wheaton fireworks out of the Mid  
17 County Regional Services Center budget so that way we were not competing for funds  
18 in other programs where it may not make as much sense. On the reconciliation list, the  
19 committee recommended funding the Takoma Park day labor site through October. We  
20 heard from Mr. Stith that the recommendation for the elimination of funding was as a  
21 result of the fact that it was going away. And that effectively -- was it going away or --  
22 yeah.

23  
24 Gary Stith,

25 The Prince George's County day laborer site in the Langley Park area was going to  
26 open at the beginning of the fiscal year.

27  
28 President Knapp,

29 But it is not scheduled to now. It's going to be later in the year, and so we've put the  
30 15,000 on which we think will get us through October.

31  
32 Gary Stith,  
33 Right.

34  
35 President Knapp,

36 Which ideally will get us to the point before the Prince George's center will open. Okay.  
37 Then restore any Emerging Communities funding in two increments at \$55,000 a piece.  
38 The committee felt strongly that the Emerging Communities resources is important for --  
39 especially those regional service centers that don't have urban districts or other  
40 additional resources to be able to fund specific projects within the core of their  
41 communities. Then we had a County Executive adjustment to reconcile personnel costs,  
42 technical adjustment of \$30,000; to Gateway Georgia Avenue one-time funding of  
43 \$50,000; and the additional \$14,400 for the Germantown Glory Independence Day  
44 fireworks to put it on a power with what we're doing the Wheaton fireworks. And that is



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1 effectively the Regional Services Center budget overview. And I see no comments and  
2 no questions. That was easy. Okay. Thank you very much. We now turn to the Urban  
3 Districts. From the committee, we had the work session on April 23rd. The committee  
4 recommended no change to the Executive's recommended \$7,281,010 budget. The  
5 T&E Committee reviewed the Parking Lot District budgets and recommended increasing  
6 the amount of Parking Lot District revenues to be transferred to the Urban Districts. The  
7 Council reviewed the T&E Committee's recommendations on May 6th and tentatively  
8 approved them pending the final vote on the budget. That was probably the biggest shift  
9 that we had, and we again thank the T&E Committee for their recommended because it  
10 provides some additional resources throughout the rest of the budget. And I see no  
11 questions on the Urban District budget. Thank you very much. This concludes that  
12 activity. We now turn to the analysis of the County Executive's budget, and I turn to the  
13 MFP Committee Chair, Councilmember Trachtenberg.

14  
15 Councilmember Trachtenberg,

16 Thank you, President Knapp. I have, I believe, five different agenda items to go over  
17 this morning. But I'm hoping we can do them quickly. The first, as the Council President  
18 indicated, is the Operating Budget for the County Executive's Office. I believe I'm going  
19 to be joined in front by a few folks, and I would ask that you make formal introductions.

20  
21 President Knapp,  
22 There's one.

23  
24 Councilmember Trachtenberg,

25 Just one, okay. Mr. Firestine, a familiar face. Okay. The recommendation of the  
26 committee was to approve the budget for the County Executive's Office as  
27 recommended to the tune of \$6,908,850, and that would include a shift of one position,  
28 a Special Projects Manager, from DPWT over to the office. Again, that is in response to  
29 the passage of an Expedited Bill 4-08 on the reorganization of the Executive Branch.  
30 The other act that the committee took in response to the proposed office budget was to  
31 place \$133,330 on the reconciliation list to shift funding for the Clarksburg Ombudsmen  
32 position to the County Executive's Office budget. The PHED Committee had actually  
33 removed this position from the Department of Permitting Services budget, and in  
34 response to that the committee decided to put this on the reconciliation list. At the time  
35 that the committee made the discussion on that item, I had requested from the  
36 Executive Branch a letter defining why it was the Executive Branch thought this  
37 particular position should be funded by the Department of Permitting Services. I would  
38 note for my colleagues and those in the audience that that memo is on circle 11 of  
39 today's packet. So, in a nutshell, those are the two big items that were up for discussion  
40 and decision within the MFP Committee. And at this time, I'd ask Mr. Firestine if he  
41 would like to make any comments.

42  
43 Tim Firestine,



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1 I would with respect to the Clarksburg position. I think we've laid out in the memo the  
2 origin of this position, how it relates to development issues within the community, and  
3 the responsibilities that Permitting Services has under the memorandum of  
4 understanding with Park and Planning. And I think if you note this, clearly those  
5 responsibilities would be appropriately charged to Permitting Services. I'm not sure why  
6 the Council would want the general taxpayer to pick this up when the work does relate  
7 to that. So we would -- I guess our recommendation on the Clarksburg Ombudsmen  
8 would be to leave it charged to the Permitting Services fund.

9  
10 President Knapp,  
11 Madam Chair, if I might. I just had a quick question.

12  
13 Councilmember Trachtenberg,  
14 Yes.

15  
16 President Knapp,  
17 I guess I would, from a historical perspective, what to put out there when the Council  
18 first recognized a need for this position I guess it was probably four years ago. It  
19 originally in the budget language indicated that it felt that this was a position because of  
20 the need to coordinate across all county agencies was important to have as reported to  
21 the CAO, similar to what was done I Silver Spring, and subsequently in Wheaton. And  
22 the previous CAO didn't seem to like that very much.

23  
24 Tim Firestine,  
25 Well let's keep in mind, that's basically how it works. This position reports actually to an  
26 Assistant CAO, to Diane Schwartz-Jones. So it does report to my office, it's just the  
27 question is where is it appropriate to charge it. So I don't want to mix those two things  
28 up.

29  
30 President Knapp,  
31 I agree.

32  
33 Tim Firestine,  
34 The position does report. And I do think at some point this position will go away, you  
35 know, once we work our way through the development issues within that community.

36  
37 President Knapp,  
38 And I guess that was the other reason that we wanted to do that is to ideally expedite  
39 the need for the position to go away by creating some measure of accountability,  
40 because I don't think we want to be spending General Fund resources to do it any  
41 longer than we have to. But I think it's important to make sure that we generate the right  
42 level of coordination across the county agencies to do it. And so I still think that it's  
43 important to have us recognize that because county government didn't, I don't think, do  
44 what it needed to on the front end of this that we're trying to clean up all the pieces on



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1 the back end. And I think this a position that helps us to do that. But, again, oftentimes  
2 you end up with a crisis, and once the crisis goes away, in other words, less of a crisis,  
3 we tend not to pay as much attention. And it's important to continue to keep the heat on.  
4 And if using General Fund resources so we have to keep asking that question as the  
5 way to keep some of the heat on. I think that's helpful, but understood. And I appreciate  
6 the explanation that came over from the Executive. I think it's a rational explanation.

7  
8 Councilmember Trachtenberg,  
9 I don't, at this time, see any lights.

10  
11 President Knapp,  
12 I had one more question.

13  
14 Councilmember Trachtenberg,  
15 Okay.

16  
17 President Knapp,  
18 Not on that. You know, I was just curious on the County Stat piece. We've added five  
19 work years, and I apologize; I have not yet had a chance to get over and see County  
20 Stat in operation. But I will as soon as we get through with the budget.

21  
22 Tim Firestine,  
23 You should come.

24  
25 President Knapp,  
26 I will. But I guess the question I have is, is the staff that we now you have in place for  
27 County Stat roughly the size that it needs to be, or is there an expectation that it needs  
28 to scale beyond that?

29  
30 Tim Firestine,  
31 No, I think we're there. I think [inaudible], who is the Assistant CAO in charge of that,  
32 she has put together a great staff. And most of them have been on board now for  
33 several months. We did a session on Friday that was an open session with the public,  
34 and the press was there and the governor stopped by. But I don't see a need to go  
35 beyond that. I mean, the way we're managing it, we're doing one session a week right  
36 now, which is on a Friday morning; runs for an hour. There's a lot of prep that goes into  
37 that. We've assembled a team with fairly broad skills, very analytical. We have a GIS  
38 expert. We have somebody who has got an expertise in helping to present things. So I  
39 think the right team is there. I don't imagine it to go beyond the size we have now you.

40  
41 President Knapp,  
42 And when you have your Friday morning activities, is it run by you or the Executive?

43  
44 Tim Firestine,



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1 I run it. And the Executive shows up periodically at certain topics. He has a full agenda,  
2 but I usually run the session unless he's there. Now the other thing we're planning to do  
3 is add one more hour usually on a Tuesday. What we're finding is there are certain  
4 issues that -- the Friday session we want to keep open. But we're finding there are  
5 certain issues that may have personnel issues related to them that necessarily shouldn't  
6 occur in the public setting. So we might do another Tuesday hour session, which would  
7 be more of a closed session than on the Friday. But we have not made that decision  
8 yet. And we would need more staff to do that -- would not.

9  
10 Councilmember Trachtenberg,  
11 I don't see any other lights on. So I would assume that colleagues are in agreement with  
12 the recommendation that was provided by the MFP Committee. And I want to thank Mr.  
13 Firestine for joining us this morning.

14  
15 Tim Firestine,  
16 Okay, thank you.

17  
18 Councilmember Trachtenberg,  
19 Thank you very much. With that, we're going to move on to the second item from the  
20 Management and Fiscal Policy Committee, which is the Operating Budget for the  
21 County Attorney's Office. I believe Mr. Rodriguez, our County Attorney, is joining us as  
22 well as some other folks. Again, if we could do some formal introductions before I make  
23 some brief remarks.

24  
25 Beryl Feinberg,  
26 Beryl Feinberg, OMB.

27  
28 Helen Ballon,  
29 Helen Ballon, OMB.

30  
31 Marc Hansen,  
32 Marc Hansen, County Attorney's Office.

33  
34 Leon Rodriguez,  
35 Leon Rodriguez, County Attorney.

36  
37 Councilmember Trachtenberg,  
38 Thank you very much for being here this morning. The MFP Committee  
39 recommendation is clearly to approve the Executive's proposed budget for the office,  
40 which would call for funding of \$5,680,860. That's a small increase of about 4.8 %. And  
41 it speaks to the increase in workload, again the heavy volume of Worker's  
42 Compensation hearings and appeals. And we asked for that to be approved. And I  
43 would note also for colleagues that one item that we have continued to talk about with  
44 Mr. Rodriguez is the increase in debt collection receipts, and the fact that we've made



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1 great progress in that area. So I would at this time ask Mr. Rodriguez if he would like to  
2 make some brief remarks.

3  
4 Unidentified,  
5 In the absence of any questions.

6  
7 Councilmember Trachtenberg,  
8 In the absence of any questions.

9  
10 Leon Rodriguez,  
11 In the absence of any questions, I'll stop right where I am.

12  
13 Councilmember Trachtenberg,  
14 George seems to have questions.

15  
16 Councilmember Leventhal,  
17 I don't want to delay us unduly. First of all I just want to thank Mr. Rodriguez and Mr.  
18 Hansen and all of the staff who have been very courteous and responsive to me and my  
19 office. We try not to abuse it, but we've had a few issues that have come up over the  
20 last year, and I've just found that the office to be really extraordinarily quick and prompt.  
21 And I just want to thank you for working with me so closely when I needed your help. So  
22 I want to thank you for that.

23  
24 Leon Rodriguez,  
25 And we thank you for those kind words, and it's been our pleasure to help.

26  
27 Councilmember Leventhal,  
28 And I do have one very small question on page three of the memo. The County Attorney  
29 is requesting two new positions and it's 1.8 work years, and it's 119,730; are these  
30 attorneys?

31  
32 Leon Rodriguez,  
33 That is one attorney and one administrative assistant. And actually those positions will  
34 not be on our budget; rather they're going to be on Risk Management's budget within  
35 the Department of Finance.

36  
37 Councilmember Leventhal,  
38 What is the starting salary for an attorney in the County Attorney's Office?

39  
40 Leon Rodriguez  
41 I don't specifically know.

42  
43 Marc Hansen,





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1 Off the top of my head I don't know what our actual average is. But based on recent  
2 hires, it's been around the low 50s.

3  
4 Councilmember Leventhal,  
5 Thank you very much.

6  
7 President Knapp,  
8 I have just one question. I just wanted to thank Mr. Rodriguez and Mr. Hansen for their  
9 efforts. We started earlier this year having you come over and meet with the full Council  
10 and just have a good dialogue. And I think we're all surprised at the discourse that  
11 occurred, and I would like to continue to do that. But I think that your office's ability to do  
12 outreach and continue to reach out to the Council has been very significant and we look  
13 forward to having further conversations on a regular basis as we move throughout the  
14 year.

15  
16 Leon Rodriguez,  
17 I strongly agree with Council President Knapp that that was a very productive and  
18 energetic session. And we certainly look forward to having as many of those and as  
19 often as the Councilmembers would like.

20  
21 President Knapp,  
22 Great. Thank you.

23  
24 Councilmember Trachtenberg,  
25 Well, thank you both for being here. And we'll move on to the next item, which is the  
26 Operating Budget for the Office of the Inspector General. I believe that Mr. Dagley, our  
27 Inspector General, has joined us this morning. So, Tom, if you'd come on up, quickly. I  
28 don't actually think we'll be on this item for too long. Again, there was an agreement  
29 within the committee to approve the recommended budget. Again, there was a small  
30 change -- a reduction; although one of the items that we did have robust conversation  
31 on was the issue of providing a small amount of money for additional consulting  
32 services. And I wonder, Tom, if wanted to talk a little bit about the projects that the office  
33 has planned for FY09. It speaks to why we wanted to continue to have flexibility and  
34 consulting support.

35  
36 Thomas Dagley,  
37 Thank you. I'd be happy you. As you know, the Inspector General Law provides for, and  
38 I think even anticipates, the need for the office over a period of four years to use, not so  
39 much consulting services, that might be a misnomer, but audit review or investigative  
40 services. I haven't done that in the first three years that I've been the Inspector General.  
41 The workload in Fiscal Year '09 is going to focus on but -- not exclusively, but it's going  
42 to focus on procurement activities, which is where Inspector Generals should be  
43 spending their time. We've done so in the past but I think FY09 will be the time when  
44 we're going to need the audit review or investigative services and the expertise



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1 periodically throughout the year of someone that has contractual review experience and  
2 supplement our exiting resources. So that's the reason for that request.

3  
4 President Knapp,  
5 Mr. Leventhal?

6  
7 Councilmember Trachtenberg,  
8 Okay. George.

9  
10 Councilmember Leventhal,  
11 Tom, we just discussed in the County Executive's Office that internal audit is shifting  
12 from the Finance Department to the County Executive's Office. Are you -- do you in  
13 anyway coordinate your work program with that function?

14  
15 Thomas Dagley,  
16 I speak with Veronica Kidder, the Chief of Internal Audit, frequently. We've recently,  
17 within the last 60 to 90 days, reviewed her workload and her work products for the last  
18 three years. And much like I do with the Office of Legislative Oversight to make sure  
19 there's no redundancy and no repetition. I have not seen that for the Chief of the  
20 Internal Audit's workload, nor have I seen it for the Office of Legislative Oversight.

21  
22 Councilmember Leventhal,  
23 Thank you.

24  
25 Councilmember Trachtenberg,  
26 Thank you very much, Mr. Dagley, for participating in this morning's conversation. And  
27 with that, we'll end discussion on this item and go to the next, which is the Operating  
28 Budget for the Office of Human Resources General Fund. Mr. Adler is here from the  
29 office joining us this morning. Let's start, again, with some formal introductions; Joe.

30  
31 Joe Adler,  
32 Joe Adler, Human Resources.

33  
34 Kate Beckley,  
35 Kate Beckley, HR.

36  
37 Lori O'Brien,  
38 Lori O'Brien, OMB.

39  
40 Beryl Feinberg,  
41 Still, Beryl Feinberg, OMB.

42  
43 Councilmember Trachtenberg,



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1 Thanks very much. The committee recommendation, again, was to support the  
2 Executive's recommended budget. There was some discussion over some of the  
3 decreases, in particular, councilmember Ervin raised the issue around the Police  
4 Employee Network programming, and it was agreed unanimously by the committee to  
5 add the \$54,000 for a position as a recommendation from the committee. There was  
6 brief conversation as well during the work session about a small amount of money that  
7 was being provided in response to some of our labor contract terms; again, proving  
8 tuition assistant for firefighters and volunteer. And that part of the conversation is  
9 reflected on page 7 of today's packet for those that would be interested in seeing that. I  
10 wondered, Mr. Adler, if you wanted to make any brief remarks? The committee saw the  
11 list of items as being straightforward. And while we did have some conversation over  
12 those things that were being decreased, we were in agreement that there was a reason  
13 to go ahead with the numbers as proposed by the Executive. It would seem prudent.

14  
15 Joe Adler,

16 Thank you, Councilmember Trachtenberg. We agreed with what the committee's  
17 recommendation. And I ask you not to be fooled by the first page, which says that we  
18 have a total exponential [inaudible] \$71,799,000; 95 percent of that is the health  
19 benefits cost. Our budget is only increasing by 2.8 percent over last year, and actually  
20 we're having a decrease in work years. So this is a fairly lean budget for OHR.

21  
22 Councilmember Trachtenberg,

23 Right. And the actual recommendation from the Executive for the General Fund portion  
24 is in bold on that first paragraph. And you're right. One should not be misled by that  
25 \$171 million price tag. I don't see any questions on this item. So, again, I'll thank all of  
26 you for coming by this morning to briefly participate. And let's move on to the next item,  
27 which is the Operating Budget for our own Council office. I know that Mr. Farber, our  
28 Staff Director, is on the dais with us. Again, this is straightforward and has been the  
29 object of conversation certainly the Council office numbers even before the budget was  
30 provided by the Executive. I wonder, Mr. Farber, if you wanted to make some brief  
31 remarks. I certainly for one, and I know my colleagues on the MFP Committee are  
32 mindful of the cost effectiveness of this office and the improvements that have certainly  
33 been made over the years. So would you like to perhaps talk a little bit about that?

34  
35 Steve Farber,

36 Thank you, Madam Chair. Yes, we do take pride in the cost effectiveness of our  
37 operations in the Council office. Our works here today in the central staff are actually  
38 11% lower than they were 17 years ago. And that's because we have tried to take  
39 advantage of technology. And when some of our folks retire, we don't have to replace  
40 those positions and we've been careful about that. We've also done things like the  
41 Pictron System, which have improved the product in terms of what the community can  
42 see 24/7 on our website about Council sessions, and that also has been another aspect  
43 of what we've tried to do to be efficient and more productive. Basically what this budget  
44 does is to continue the funding for the expansion in Councilmember office staff that Mrs.



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1 Praisner initiated three years ago. We also have in place the Legislative senior aid  
2 system that Mr. Knapp initiated two years ago. And I think these have been very  
3 beneficial. We also, in this budget, have a legal staff expansion that you authorized last  
4 March. And that I think is going to be helpful as well in terms of aiding the Council's  
5 extensive needs for legal assistance. Otherwise, the budget is straightforward.

6  
7 Councilmember Trachtenberg,

8 Okay, I don't see any lights. So I do appreciate, Steve, your input, and we certainly rely  
9 on you and on our staff, and we realize we have excellent support from all of you. So,  
10 again, thank you. Let's move on to the last item for MFP this morning, which is the  
11 Operating Budget for the Office of Legislative Oversight and Independent Financial  
12 Audit, Non-Departmental Account. And if you could make some brief introductions,  
13 those that have joined us.

14  
15 Karen Orlansky,  
16 Karen Orlansky, Office of Legislative Oversight.

17  
18 Leslie Rubin,  
19 Leslie Rubin, Office of Legislative Oversight.

20  
21 Councilmember Trachtenberg,  
22 Again, within the committee, we approved the Executive recommended expenditures,  
23 again, expenditures of \$1,370,300 for the Office of Legislative Oversight; a small  
24 increase of about 6 % over the FY08 approved budget. And, again, personnel costs  
25 account primarily for that increase. And I would also underscore for colleagues that  
26 another item discussed within the committee was the independent financial audit, again,  
27 noting for colleagues that we approved the Council back in April, a new contract with  
28 Clifton Gunderson for the audit of the County Government's financial statements, and  
29 Roger, Leeman and Hauck for the audits of the local fire and rescue departments.  
30 Again, the amount to cover that was \$394,000, an increase of about \$51,000,  
31 approximately, for this year. So that, in summary, is what was discussed. And I don't  
32 think there are any questions from colleagues.

33  
34 President Knapp,  
35 I see no lights. Run.

36  
37 Councilmember Trachtenberg,  
38 So again I thank you for coming this morning for this brief conversation; and I hand it  
39 back over to the Council President.

40  
41 President Knapp,  
42 Good job. I will try to continue with the brevity. We turn to the NDA for the Housing  
43 Opportunities Commission. I would invite our HOC friends to come up. I saw some of



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1 them. There they are. Welcome. Good morning. For the benefit of our viewing public, if  
2 you would just introduce yourselves.

3  
4 Scott Minton,  
5 I'm Scott Minton, the Executive Director of Housing Opportunities Commission.

6  
7 Terri Fowler,  
8 Terri Fowler, Housing Opportunities Commission Budget Officer.

9  
10 Rose Glavinic,  
11 Rose Glavinic, Office of Management and Budget.

12  
13 President Knapp,  
14 And still Beryl Feinberg.

15  
16 Beryl Feinberg,  
17 Still.

18  
19 President Knapp,  
20 All right. The committee held a work session on the NDA for the Housing Opportunity  
21 Commission April 17th. The committee recommends approval of the \$6,040,640  
22 recommended by the County Executive, and the addition of three items to the  
23 reconciliation list. And the narrative for the FY09 budget is attached to circle 1, the  
24 December 4, 2007, memo is attached from Director Minton at circles 2 through 5. If you  
25 turn to page 4, you can see the specific issues that the committee discussed. First, is  
26 looking at customer service centers. The PHED Committee recommended placing  
27 \$200,000 on the reconciliation list in two \$100,000 increments to provide contribution  
28 toward the ongoing costs of the customer service centers. The primary reason behind  
29 this, as was suggested by our staff, and I think the committee agreed, is originally we  
30 were going to build a new facility for HOC all the way around. And so to actually -- we  
31 appreciate the facile nature with which you came up with other alternatives and the two  
32 customer service centers were a way to, in the absence of having a new facility, to  
33 make sure that we had better access to our clients out in the community. And they've  
34 done this effectively without County support. And so this was an attempt for us to  
35 recognize it would have been a whole lot more expensive for us to build a new building  
36 than it would be for us to spend a couple hundred thousand dollars to make sure we  
37 have customer service centers out in the community. And so that was our  
38 recommendation. Homeowner association fees -- Councilmember Elrich requested  
39 additional information on the HOA fees paid by HOC. And HOC has provided the  
40 Council staff with a full listing, which Council staff will work to summarize. While most of  
41 the HOA fees are under \$100, there are many properties where HOA fees are in the  
42 \$200 to \$320 range, which obviously is a conversation that the Council has had in the  
43 past; especially as it relates to affordable housing. It has a significant impact when we  
44 are creating more MPDU's or other affordable housing, if those houses become less



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1 affordable or significantly less affordable as a result of the homeowner association fees  
2 that the individuals have to pay. We had a long conversation. We didn't resolve it in our  
3 budget discussion. But it is a continuation of a discussion that we hope we'll revisited  
4 when we revisit MPDU legislation later on this summer. Waiver of Dietrich Avenue rent -  
5 - as in the memo -- December memo notes HOC has been making \$118,000 lease  
6 payment to the County since 1987 for Dietrich Avenue building as well as cover the cost  
7 of maintenance, utilities, and other operating expenses. HOC notes the original  
8 agreement of 20 years ago was based on a need to cover debt costs previously  
9 incurred by the County. HOC had asked exactly if Council would consider waiving the  
10 lease payments starting in FY09, because the 20 years had been met; is that correct?  
11 We've gone past the 20 years. So the PHED Committee agreed that if the original  
12 obligation has been met, then the County should forgive the lease payment, and  
13 recommended \$118,425 on the reconciliation list for this purpose. Mr. Leventhal.

14  
15 Councilmember Leventhal,

16 Is it the committee's intent that we're going to go over this again every single year or are  
17 we going to make a permanent policy decision as to whether to charge them rent?

18  
19 President Knapp,

20 I think I would have to defer to any colleagues. But I think it was the intent of the  
21 committee that they shouldn't be -- if the original obligation has been met that we should  
22 not be doing this. They've already done their job and that we should basically not  
23 continue to seek those funds from them. It's one of those things we are paying  
24 ourselves to pay ourselves.

25  
26 Councilmember Leventhal,

27 I understand. Is there some -- just seems like we're doing this in a sort of ad hoc way,  
28 just putting it on the reconciliation list.

29  
30 President Knapp,

31 That's a good point.

32  
33 Councilmember Leventhal,

34 I can imagine we're going to be back next year having the same conversation and the  
35 year after and the year after. That doesn't make a lot of sense.

36  
37 President Knapp,

38 Let me look to the Council or to the committee to see if they are in agreement. If so, we  
39 can make a recommend to actually establish this as a precedent going forward. I'm sure  
40 that we would actually come back and do this. Councilmember Floreen.

41  
42 Councilmember Floreen,

43 Well, I would just say, I guess we just hadn't focused on this previously.



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1 President Knapp,  
2 No we didn't.

3  
4 Councilmember Floreen,  
5 I think the intention would be for this to become part of whatever written agreement that  
6 HOC has with the County with respect to the use of the property. So this is the  
7 beginning of that. [Inaudible] expectations. By whichever means, we should, I mean,  
8 this shouldn't be an annual iffy thing.

9  
10 Councilmember Leventhal,  
11 No, it should not. So why don't we -- Mr. President, why don't we ask the County  
12 Attorney to confer with HOC, and then maybe get back to the PHED Committee with a  
13 final resolution so it doesn't [inaudible].

14  
15 President Knapp,  
16 Excellent idea. Thank you for catching that, Mr. Leventhal. We did not focus on the  
17 extended nature of that. I think it was the intent of the committee to kind of just address  
18 this going forward, but we only focused on the specific action in front of us. Good  
19 recommendation. Linda, if you would follow up on that I would appreciate it. And then  
20 we had an update on the housing vouchers program, which I'll actually turn to Director  
21 Minton to just give us a quick overview on it, because I think it's important to make sure  
22 we get that explained adequately and accurately.

23  
24 Scott Minton,  
25 Okay. This is one of the years where there's actually some good news as far as  
26 vouchers are concerned. There's some additional money, and we have started into a  
27 lease-up phase. We want to lease up about 250 additional vouchers over what we have  
28 right now. We have the money to do it. So we right now have called up a thousand  
29 people from the waiting list, and are in the process of issuing vouchers. We've been  
30 able to back off on some of the restrictions on rents that we put into places a couple  
31 years ago because the funds have loosened up some. So for one of the few times since  
32 I've been Executive Director [inaudible] come through this year and made it easier for to  
33 us do our job. Additionally, they've gone back to change the administration fee formula  
34 so we'll get a little extra money for the new ones that we lease up. So it is our hope that  
35 by the middle of the summer we'll have 250 new families on our voucher roles.

36  
37 President Knapp,  
38 Good. Okay. The other piece just to raise here, which had come up as part of the  
39 discussion was information that funding had been previously provided by the County for  
40 rental supplemental incentive program is no longer available. It's a long kind of  
41 convoluted process, but the program started in '84, served 189 low- and moderate-  
42 income average about \$37,000 per year households living at five rental complexes  
43 entered into contracts with HOC. Subsidies range from \$230 to \$370 a month. There  
44 are currently 147 households in the program. The funding for the program came from a



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1 long-term investment by the County. This investment was called and the principal were  
2 returned to the County, therefore no interest is available to cover the rental subsidies.  
3 The principal of about \$4.6 million was included in the Housing Initiative Fund resources  
4 for FY09, and until the current contracts end in 2010, the HIF will fund the ongoing  
5 subsidies. And if you look on page 6 you can kind of see a break on all the various  
6 housing vouchers that we have out there. It will give you a perspective there. And then  
7 finally, attached at circle 10 is a recent press release announcing the opening of the  
8 Parent Resource Extension Center to Gwendolyn Caulfield Recreation Center. The  
9 Center is being funded through a grant from the Collaboration Council. And overview  
10 information of the Parent Resource Center is as attached. Councilmember Floreen  
11 indicated that she had heard from the [inaudible] Commission on how important this  
12 resource center is and are and thank HOC for the continued commitment to this effort.  
13 Now I want to see if there any questions. I see none. But I did want to take this  
14 opportunity to recognize that this will be the last budget that the Executive Director will  
15 be sharing with us. And we very much appreciate his leadership and guidance over very  
16 significant issues over the previous years. And as we all know affordable housing is a  
17 critical issue to our community and in our County; and while it is a critical issue, it is also  
18 a very difficult issue because it comes with it any number of difficulties that have to be  
19 managed through many neighborhoods to make sure that we have the appropriate  
20 resources in place to address family needs. Not just as far as housing, but more  
21 broadly. And HOC under your leadership has done an excellent job in trying to navigate  
22 through those rocky waters to address what is one of our community's most critical  
23 needs. And on behalf of the Council and the committee, I thank you very much for your  
24 years of service and we will very much miss you as we move forward.

25  
26 Scott Minton,

27 I appreciate that. I would like to thank the Council for their support. The Council has  
28 been very supportive of HOC and the HOC's programs during the entire time that I've  
29 been the Executive Director. It doesn't mean that we've agreed on everything on every  
30 program. In fact, we've had some disagreements from time to time. But overall, the  
31 support to HOC has been wonderful. I think this County supports its public housing  
32 program and its voucher program and its residents who need affordable housing better  
33 than anywhere in the country. And I really appreciate it. That makes my job a lot easier.  
34 So thank you.

35  
36 President Knapp,  
37 Councilmember Floreen.

38  
39 Councilmember Floreen,  
40 Well, the Council President said it all. But I did want to add my comments just to say,  
41 you've been a fabulous advocate, unwavering, stalwart, committed, and all the things  
42 that we needed from this agency and for the commission and for the residents of  
43 Montgomery County. So thank you. You've done a terrific job.





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1 Scott Minton,  
2 Thank you very much.

3  
4 President Knapp,  
5 Great. Thank you very much. We're through the HOC budget. We now turn to the  
6 Closing Cost NDA. The PHED Committee held a work session on April 17th and  
7 recommends approval as recommended by the County Executive. That's a fairly  
8 nominal number. The Executive recommended \$33,790 for the Closing Cost NDA.  
9 That's a decrease of \$126,000. This NDA provides funding for the administrative, legal  
10 and housing counseling costs associated with the HOC's management of the Closing  
11 Cost Assistance program. I would just see comments, questions. Then without objection  
12 we will adopt both. Thank you very much.

13  
14 Scott Minton,  
15 Thank you all very much.

16  
17 President Knapp,  
18 We now turn to Housing and Community Affairs. Good morning. For the benefit of our  
19 viewers, if you would just introduce yourselves.

20  
21 Rick Nelson,  
22 Rick Nelson, Director of Housing and Community Affairs.

23  
24 Scott Reilly,  
25 Scott Reilly, Chief Operating Officer Department of Housing and Community Affairs.

26  
27 Fred Wilcox,  
28 Fred Wilcox, Housing and Community Affairs.

29  
30 President Knapp,  
31 And our representatives from OMB. Linda, anything?

32  
33 Linda McMillan,  
34 No. I think we'll have a lot of discussion related to the HIF and Housing first. We had a  
35 lot of back and forth joint discussion because this area crossed over so much between  
36 the HHS Committee work and the Special Needs Housing, and the DHCA work that the  
37 PHED Committee did. So there's a little bit of back and forth that way.

38  
39 President Knapp,  
40 Okay. We held two work sessions as Linda indicated. I think the focus of our work  
41 sessions really was on two things. The first was the Executive's recommendation to  
42 increase the HIF focusing on a utilization of new short-term debt proposal to expand the  
43 HIF from roughly 28 million to 54 million. And so we walked through many of those  
44 elements. And then there was also some discussion as to allocation of the Housing



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1 Initiative Fund both more broadly and then more specifically as it related to a proposal  
2 that Councilmember Leventhal and I had proposed, called Housing First. I'll walk  
3 through that. There are no items for the reconciliation list. The PHED Committee did  
4 recommend approval of the Executive's recommendations of the \$54,790,020 in  
5 resources. As I described, it incorporate both the traditional way of funding the HIF plus  
6 the new short-term debt activities. The PHED Committee recommended the \$4.5 million  
7 in the Housing Initiative Fund non-revolving program be allocated to implement a plan to  
8 transition the County to a Housing First model to provide stable housing for those who  
9 are homeless or at the risk of homelessness. Staff -- Linda has drafted the following  
10 provision based on the committee's discussion and recommendations. There was a lot  
11 of discussion as to the best way to proceed between interactions with DHCA and HHS  
12 looking at both the housing and the wraparound services that needed to be provided.  
13 Kind of hard needs and soft needs I think was kind of the conversation the actual  
14 housing, and then the wraparound services piece. And as was described to us by Mr.  
15 Nelson and the Director of HHS, Ms. Ahluwalia, there was a plan that will be  
16 forthcoming that looks at how those activities will be dispersed. And if you look at the  
17 paragraph before you, basically talks about the allocation of the \$4.5 million, but then  
18 the recognition that there will be a plan that the Council will then go back and look at,  
19 and that appropriation will be contingent upon that. We will be [inaudible] implement this  
20 plan as soon as that plan is transmitted. The Council and the \$4.5 million was basically  
21 the number identified in the Housing First study that had been done. We're not sure if  
22 that's too high, that's too low, and so this was the allocation, recognized we will come  
23 back and revisit that once the plan has been taken forward and we can begin to see  
24 what the costs actually look like. And so I just want to see if anybody has any questions  
25 or comments on the paragraph that we would include in the budget language. I don't  
26 see any.

27  
28 Rick Nelson,  
29 Mr. Knapp.

30  
31 President Knapp,  
32 Mr. Nelson.

33  
34 Rick Nelson,  
35 Can I have a comment?

36  
37 President Knapp,  
38 Sure.

39  
40 Rick Nelson,  
41 Having looked at this language and also having worked with Ms. Ahluwalia in terms of  
42 the money, I guess -- I just need to repeat comments that I've made before. When we  
43 first started talking about the 10%, what we said in response was that our traditional use  
44 of the Housing Initiative Fund has, in fact, provided consider amounts of money for the



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1 homeless population. If you look at something that's in your packet on circle 18, it will  
2 show you that during FY09 we spent \$10,592,000 on the homeless population. I think  
3 what has happened since this issue first came up is the whole definition of this 10% has  
4 sort of morphed into what I consider to be taking some monies from the HIF to, in fact,  
5 pay for a new program that we're trying to implement at Health and Human Services.  
6 And it takes away from the traditional use of the HIF program to provide housing for  
7 folks in the County. The other thing, and in terms of my conversations with the Director  
8 Ahluwalia, she's trying to develop her budget so that, in fact, the monies that she gets  
9 from the Housing Initiative Fund will go toward deep subsidies for the clientele that she  
10 serves. And I think that too is very significant issue. Hopefully we don't see too much of  
11 a Housing Initiative Fund being used for those purposes, because, again, I think that's  
12 not the original intent of the program. But on that issue of the deep subsidies that are  
13 needed. One of the things that we're doing in the ACA is we are committing \$750,000  
14 next year of the Home Program to the Coalition for the Homeless for deep subsidies for  
15 their clientele. And I go back to an item that you'll get to later, and that's the recognition  
16 by the Council that we do need to have some rental assistance programs in the County  
17 to help address the needs that we have. And the proposal before us -- before you is to  
18 take 30% of those funds to give to HHS, the balance will go to HOC. I would urge the  
19 Council to reconsider that and recognize the deep need that we have with the homeless  
20 population. And possibly that a better use of those funds would, in fact, be to provide  
21 the deep subsidy that is needed by the homeless population with that additional income,  
22 coming from the recordation fee. And I'm also encouraged by the testimony you just  
23 heard from HOC that this year they're going to get another 250 hopeful vouchers, which  
24 will help the other folks in the County. So I just would make my last plea that you  
25 consider letting us use the Housing Initiative Fund for the provision of hard units of  
26 housing, which is, in fact, a necessary thing in the County. Try to use the recordation  
27 fee for that deep subsidy that is needed, and then as we move along, whether it's this  
28 year or next, fully fund the Housing First to the extent that it isn't already provided for in  
29 terms of those soft services that are needed.

30  
31 President Knapp,

32 Thank, Mr. Nelson. I'll turn to the committee, and then to Mr. Leventhal. Mr. Elrich?

33  
34 Councilmember Elrich,

35 So I have a couple questions. If we take the interest or the payments for the 35 million  
36 out of the HIP and we fund more money for the homeless first program out of the HIF,  
37 what won't you be able to do?

38  
39 Rick Nelson,

40 I think we'll be limited in the terms of the number of hard-housing units that we'll be able  
41 to provide for the special needs population. Unclear whether we would have the ability --  
42 .

43  
44 Councilmember Elrich,



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1 Just the special needs population?

2  
3 Rick Nelson,

4 Well special needs meaning homeless and others who are in that category. But the  
5 special needs population, whether they are homeless today or not, if they don't have  
6 housing they will be homeless. So that really is the category of preventing  
7 homelessness for those who have special needs. But clearly in terms of those exiting  
8 homeless, we have a significant issue. We provide continued funding to try to provide  
9 units for that population. And my own view is while subsidies are important and useful, it  
10 is, I think, critically important and more useful to have a hard unit on the ground that we  
11 can, in fact, continue to have in perpetuity. And the more resources that are devoted to  
12 rental assistance from the HIF, the fewer of those hard units that we can, in fact,  
13 provide.

14  
15 Councilmember Elrich,

16 So when you talk about the 750,000 coming out of the HIF for deep subsidies -- .

17  
18 Rick Nelson,

19 Coming out of the home program. That's not HIP money. We're talking about the home  
20 program, which is a federally-funded home program, which can provide housing, but  
21 also specifically calls for providing for rental assistance, particularly for homeless  
22 individuals. So we have decided because of the importance of the issue that we will  
23 devote 750, which is roughly 30, 40% of the total home dollars for that purpose.

24  
25 Councilmember Elrich,

26 So when we talked about needing I guess another \$4 million in our discussion, you had  
27 not made that decision at that point?

28  
29 Rick Nelson,  
30 No.

31  
32 Councilmember Elrich,

33 So we technically would need less because you're using this money to provide part of  
34 the 4 million? I think we were 4 million short -- we had, you know, we had 10, needed  
35 14. There was some question about whether or not this should actually be able to be  
36 implemented at all this year. Could be look at that as going toward the 14 rather than in  
37 addition? Because it seems like it ought to.

38  
39 Rick Nelson,

40 It clearly is going toward the population that is intended to be served by the Housing  
41 First model.

42  
43 Councilmember Elrich,



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1 I don't disagree with what you want to do. I think the money ought to be used for hard  
2 housing costs. We did not have a separate place to park the homeless initiative. I think  
3 in the long term that probably ought to come out of here and be funded somewhere  
4 else, so that it's clear that this is for the acquisition of permanent units.

5  
6 Rick Nelson,  
7 Right.

8  
9 Councilmember Elrich,  
10 You know, for a one-year solution this might give us a one-year solution since she's not  
11 even sure she can get the thing transitioned this year, from what she said [inaudible]  
12 said in the -- last time she was before us.

13  
14 President Knapp,  
15 No, and I think that was the whole purpose from the language to make sure we have the  
16 plan so that we could begin to see the transition between those points and see how the  
17 current allocation exists and what the best -- what the most optimal use of those  
18 resources would be. And so I think that was the reason for doing what we did until we  
19 could get a better handle on how that transition occurs. And I think there was agreement  
20 of the committee to try to focus on the hard cost there, and then the services -- and  
21 funded appropriately, but to take a look at what we needed to do first. And we did not  
22 have all of those pieces in front of us yet. So I agree. Councilmember Floreen.

23  
24 Councilmember Floreen,  
25 Rich, I'm focusing on the language on page 2 of the memo.

26  
27 Rick Nelson,  
28 Page 2.

29  
30 Councilmember Floreen,  
31 Which is actually the decision point, which is Linda's proposed language that  
32 summarizes our conversation. Do you see where I am?

33  
34 Rick Nelson,  
35 Yes, I do.

36  
37 Councilmember Floreen,  
38 And what it says, it goes to the 4.5 million, and then it says to implement a plan that we  
39 will get by October. And then it basically says, and then we'll see, essentially. Is that a  
40 fair statement?

41  
42 President Knapp,  
43 Yes.



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1 Rick Nelson,  
2 It basically says -- ?

3  
4 Councilmember Floreen,  
5 It basically says, based on that plan that we get, we will see where the dollars need to  
6 go.

7  
8 Linda McMillan,  
9 Right, because the question was -- .

10  
11 Councilmember Floreen,  
12 Because this is -- the other language is may -- may be used to do -- to acquire  
13 properties, provide rental subsidies, fund case management, et cetera, and [inaudible]  
14 costs associated with the transition. I think we had a pretty lengthy conversation about  
15 your point. And I think we by and large are supportive of that. The real issue was who  
16 was going to pay for what kind of thing. But basically this says hold on to 4.5 million until  
17 we have a plan, and we'll see if you need to continue to hold on to it.

18  
19 Linda McMillan,  
20 And if it's -- .

21  
22 Councilmember Floreen,  
23 Kind of how I read this.

24  
25 Linda McMillan,  
26 And if the plan included showing this \$750,000 of home funds, then that 4.5 million  
27 might change.

28  
29 Councilmember Floreen,  
30 If that's understood, is that all right with you? Because I don't think it preclude -- I mean,  
31 what it would do is it would restrict your ability to access a certain amount of dollars until  
32 October, or until this plan has had -- been reviewed really. So hopefully by, I guess,  
33 November sometime. Is that problematic? I mean, you would still -- .

34  
35 Rick Nelson,  
36 That's doable. We'll spend -- .

37  
38 Councilmember Floreen,  
39 Well then I think you're okay with this language and this understanding that there's more  
40 to be resolved.

41  
42 Rick Nelson,  
43 I'm more okay with the understanding. The language, without having had this  
44 discussion, seems to suggest that we don't really have many options and we're -- and I



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1 just want to make sure for the purposes of the record that we still pursue the discussion  
2 to see how we can reach a win-win on this. Because I think that we're not in  
3 disagreement with Housing First and you aren't in disagreement with it. Neither of us  
4 are in disagreement with what [inaudible].

5  
6 Councilmember Floreen,  
7 We are supportive of everybody. However, we wanted to get us to the point where there  
8 was an assessment plan. But is that okay with you?

9  
10 Rick Nelson,  
11 Yes.

12  
13 Councilmember Floreen,  
14 It retains the flexibility that some of the players had wanted to have, but it includes the  
15 control of an agreed-upon plan that would ultimately address the allocation between  
16 HOC -- as between DHCA and DHHS and other resources available. I mean, that's  
17 what made me comfortable with it, because I completely agree with you.

18  
19 Rick Nelson,  
20 Okay.

21  
22 Councilmember Floreen,  
23 You are face something issues here generally. But if that's -- if that language is  
24 understood by all to mean that, I think your concerns are addressed.

25  
26 Rick Nelson,  
27 Okay. Thank you.

28  
29 Councilmember Floreen,  
30 As long as you agree too.

31  
32 President Knapp,  
33 I think you're right. I think there was a fair amount of -- and I think this language  
34 captures the level of flexibility that when we had the Director of HHS, who I see in the  
35 back of the room; she may want to stay in the back of the room. It's safer back there. I  
36 think the idea was -- .

37  
38 Rick Nelson,  
39 Feel free to join us.

40  
41 President Knapp,  
42 I think the idea was to really, in the absence of fully understanding how the current  
43 programs are allocated, where the costs are coming from and going to, in the absence  
44 of that plan that shows that, we couldn't know. So we wanted to make sure we had the



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1 resources sufficiently allocated to allow the plan to go forward in a robust way,  
2 recognize that you're going to come back and you're going to show us how the pieces fit  
3 and how they dovetail, and then we can make [inaudible] that brought our policy  
4 discussion.

5  
6 Uma Ahluwalia,

7 I just -- we're going to have the plan ready by July 1, because it's going to take us a little  
8 bit of time to wrap up as well. We probably won't use all of the 4.5 this first year. The  
9 second year though will be much, much more aggressive. And we think we can use all  
10 of it. The commitment I did have with Rick was that we would try -- and I think we've  
11 developed the draft of the plan already that we would use all of the soft expenditures as  
12 he calls case management over on the HHS side and move the subsidies -- the actual  
13 rental subsidies over to the HIF side to make sure that there was comfort at his level. So  
14 as I told Rick the other day, he made me sit in County Stat and say that affordable  
15 housing included people below 30% of AMI, so think this is very aligned in that way, at  
16 least in terms of subsidy expenditures with what he is trying to do. So thank you;  
17 appreciate it.

18  
19 President Knapp,

20 I'll now turn to Councilmember Leventhal, who has been a forceful advocate for the  
21 homeless for the last six years on this Council, and whatever remarks or questions he  
22 may have.

23  
24 Councilmember Leventhal,

25 Rick, are you comfortable with this language on page 2, or not?

26  
27 Rick Nelson,

28 Yeah. No, no, I mean I'm comfortable with the fact that I would obviously not like to  
29 have a -- as the County Executive's budget suggests in set-aside; but that's fine. I'm  
30 comfortable with the understanding that we are going to continue to try to work out the  
31 details of how the money is spent. I'd be much more comfortable if, in fact, the Council  
32 agreed with me and decided to use the recordation fee for those subsidies, which would  
33 again free up more of that 4.5, it would seem to me, for hard housing costs. I think we  
34 can jointly come up with a use of the 4.5 by the September request that can produce a  
35 win-win. So the answer is yes, I'm satisfied with the language, and we'll continue to  
36 work with HHS and with you, the Council, to have a clear understanding of how we're  
37 going to use these funds.

38  
39 Councilmember Leventhal,

40 Well, okay. I'm going to take it on faith that the two departments are moving in the same  
41 direction.

42  
43 Rick Nelson,

44 Oh, we are.





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1  
2 Councilmember Leventhal,  
3 And I can assure the HHS Committee will monitor this with great interest.  
4

5 Rick Nelson,  
6 There is no question we are moving in the same direction.  
7

8 Councilmember Leventhal,  
9 What is -- and I'm alright with this language. I wouldn't have written this language  
10 precisely this way myself, but there was a discussion that I attended in the PHED  
11 Committee and Linda wrote this language, and I'm alright with it. I think among the  
12 things if I had written it that I would have asked for is that we place emphasis on  
13 measurable outcomes that we are monitoring the numbers of people who are no longer  
14 homeless, and that we are able with some clarity to show results; which other  
15 communities are doing by adopting the Housing First model. You don't have to travel  
16 very far. Mayor Fenty is a huge advocate for Housing First right next door in the District  
17 of Columbia. And the other point I will be watching with great interest, and I see Scott  
18 Reilly is here at the table and I've worked with Scott for many years and I appreciate  
19 that he is a force within DHCA. This is going to take some staff. And I see Mr. Kahn is  
20 sitting in the audience. I will watch with great interest who is doing what, and who is  
21 successfully pulling the two departments together so that they are rowing the canoe in  
22 one direction. Because, again, I'm going to take it on faith that everyone is operating  
23 with the right intentions. I'm going to express the hope -- I know that Uma is familiar  
24 because we attended at least one meeting together, where we heard about results that  
25 have been achieved by adopting this model in other jurisdictions. This is not by any  
26 means something we made up in Montgomery County. We're way behind the eight ball,  
27 behind other communities in adopting this model. And the issue of measurable  
28 reductions in homelessness there's a great deal of evidence that that has occurred in  
29 other jurisdictions. I hope we can make it happen in Montgomery County. Thus far we  
30 have not. The evidence, at least from the point-in-time survey that COG does of  
31 homelessness is we have not seen a decline in homelessness. So although we adopted  
32 a model in 2002 that called for an awful lot of what I think you're referring to here, Rick,  
33 as hard housing costs; we haven't built the housing. And so I'm not entirely sure what  
34 you mean you say hard housing costs. I think that if we insist on owning these units  
35 ourselves, Montgomery County, first of all that's not consistent with many of the uses of  
36 the HIF in the past, because what primarily the HIF has -- or at least in large part the  
37 HIF has been used for in the past was to assist in the private construction of privately-  
38 owned and privately-purchased MPDU's, not County-owned. So I'm not sure what hard  
39 housing means. When I hear you say we're going to construct and we're going to own  
40 the units; the HIF has not entirely been used that way before.  
41

42 Rick Nelson,  
43 I'm sorry. If I said that we're going to construct and we're going to own the units, it was a  
44 misstatement. I did not intend to say that. What I intended to say was that, in fact, the



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1 HIF, as you have rightly said, is used to support whether it's nonprofit or private  
2 construction of housing units. The difference that I was trying to draw is that the deep  
3 subsidies are rental assistance.

4  
5 Councilmember Leventhal,  
6 Okay, well here's what I -- .

7  
8 Rick Nelson,  
9 Not necessarily -- .

10  
11 Councilmember Leventhal,  
12 Here's what I would suggest. There may have been too much emphasis on  
13 construction. And it may be that we want to look at housing, which is right there smack  
14 in the second letter of your agency's title, as more broadly than simply new construction.  
15 My colleagues have pointed out here that in this market we might want to be looking at  
16 acquisition of existing units when opportunities present themselves rather than new  
17 construction. And with this population that we're talking about, at the very bottom of the  
18 income scale, ownership of housing may or may not ever be in the cards. Maybe it will  
19 be. Maybe it won't be. So the point is getting roofs over people's heads. It seems to me  
20 that ought to be a significant part of DHCA's mission. And the most effective way of  
21 getting people out of homelessness and under a roof ought to be the method that we  
22 adopt. And the last thing I'll say for now is, you know, many times I find myself  
23 arbitrating between two agency heads who are very, very anxious about which dollars  
24 are coming out of their budget allocation. But from where I sit on this side of the dais, I  
25 could not really possibly care less whether a dollar that's spent to get someone off the  
26 street and out of misery and out of filth is a DHCA dollar or a DHHS dollar. We have to  
27 appropriate all those dollars. It makes no difference to me. So I'm not really sure of what  
28 I'm hearing. If there's some sort of struggle over one dollar from this pot of money is  
29 spent only for these purposes and we can't spend them for other purposes, even though  
30 it's all about housing people, then all I can say is, again, I'll take it on faith that we're all  
31 operating with the best of intentions, and we'll continue to watch this. And I want to  
32 reemphasize my real concern that we have -- I mean, Rick, you and Uma are two of my  
33 favorite people in the County government. I have a very high regard for both of you. And  
34 so I will give both of you the benefit of believing that the two of you seek to achieve the  
35 same goal. And the language calls for a plan by October; Uma said we'll have it by July.  
36 I assure I will read it with great interest. But, you know, this is not -- this is not something  
37 where I think Councilmembers would want to see a turf struggle. The Department of  
38 Housing should be about housing people. And rental subsidies are certainly a part of  
39 that picture.

40  
41 Rick Nelson,  
42 If I can clarify; first of all, there is not a turf struggle between HHS and DHCA. I think  
43 that, in fact, again, I must not have been clear enough in all the materials that I  
44 presented to the Council. If you will look at the language for that Housing Acquisition



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1 Fund, it is housing acquisition and preservation. There is no question but that we are  
2 intending to utilize a good portion of the monies that HIF provides for buying existing  
3 units or providing the funds to entities to purchase existing units, some of which would  
4 be used for this population. So the whole question of new construction versus  
5 preservation is not an issue. Rental subsidy is an equal part of the solution to the  
6 housing problem in the County. New construction is a part; not as much today as it was  
7 five, six, seven years ago. Preservation is a part. There are a number of those tools that  
8 we are currently using to, in fact, provide affordable housing for the range of folks in the  
9 County who need the housing. And I was just suggesting that I would like to see as  
10 much as we could available for, in fact, putting hard units -- the advantage to the hard  
11 unit is we have the unit for a longer period of time.

12  
13 Councilmember Leventhal,

14 May I make an observation? Because the results have not been all that impressive. Let  
15 me make this point, okay. If what you consider are hard units is Seneca Heights; well  
16 that's 40 permanent housing units. Nice project. I was there for the ribbon cutting. I'm  
17 delighted with it. I've been there many times. 527 Dale Drive -- eight units, excellent. So  
18 now we've got 58 hard units -- hard, we've built them. There are 1200 homeless people  
19 in Montgomery County.

20  
21 Rick Nelson,

22 Mr. Leventhal, we -- if we -- .

23  
24 Councilmember Leventhal,

25 So the results of building these hard units have not been very impressive in terms of  
26 reducing homelessness. And in addition to pursuing opportunities like that when they  
27 come up, which I think we should; we might also want to look at a few other  
28 approaches, because we've got 48 hard units on the ground that are serving this  
29 population, but we got 1200 people living in filth and misery.

30  
31 Rick Nelson,

32 We have more than 48 units on the ground. I'd be happy to provide you -- .

33  
34 Councilmember Leventhal,

35 Well the ones we constructed ourselves.

36  
37 Rick Nelson,

38 The ones that we have, in fact, supported the payment and/or the acquisition for. We  
39 have purchased just this year units for the homeless population that are currently in the  
40 ownership of the Coalition for the Housing for the homeless. And I don't want to get into  
41 an argument. I understand your concern in terms of the progress that has not been  
42 made since a declaration was made in 2002 to end homelessness. I know your view in  
43 terms of that statement; it's the same as I am. We should not be -- I would not be  
44 making this statement about I'm going end homelessness, because I don't think



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1 homelessness per se is going to be ended. I think we have to do as much as we can to  
2 reduce and move toward elimination.

3  
4 Councilmember Leventhal,  
5 And measured results.

6  
7 Rick Nelson,  
8 And there are circumstances in the economy and the community that mitigate against  
9 eliminating it altogether, and all together in a short time frame. I agree with you we need  
10 some measurable results. I think one of the things that actually -- and you've made a  
11 very good point -- that Uma and I both need to do is to sit down and try to figure out  
12 what kinds of measures can we, in fact, establish so that folks can be satisfied that  
13 progress is being made so that we can be satisfied that we're achieving the goal and  
14 the objective. I know we haven't focused as much on that as we could or should have.  
15 And I think rightly so you've asked for it, and we'll try to make that a part of the plan that  
16 we bring to you in the fall. She did say she'd have it ready by July 1, but I assume that's  
17 ready for us to talk about. So the Council will get it when you come back.

18  
19 Uma Ahluwalia,  
20 [Inaudible].

21  
22 Rick Nelson,  
23 So the Council will get it when you come back from break, I would assume. Okay?

24  
25 President Knapp,  
26 Okay. Council Vice President Andrews. Okay, I'm sorry -- Councilmember Berliner.

27  
28 Councilmember Berliner,  
29 Thank you, Council President. It's really a follow-up to Councilmember Leventhal's  
30 observations, particularly with respect to page 10 of our packet, the middle paragraph. It  
31 speaks to the existing limitations and the regulations with respect to the use of HIF  
32 funds for buying existing units versus constructing new units. Because like my  
33 colleague, and I believe like probably all of us, we find it hard to understand what could  
34 justify building new units as opposed to buying existing units. And our existing policy  
35 seems to be flipped the wrong way. And so I was wondering whether the Chair of the  
36 committee -- I know that the committee plans to take this issue up later, but there are  
37 some issues, it seems to me, that one doesn't need to really debate very much. And it  
38 seems to me that we could, in this moment, make the construction of new units the  
39 exception to the rule as opposed to the way it is today. If we need more conversation  
40 with respect to this, that's fine. Right and to the extent to which -- and so if we are  
41 limited in our capacity to make this change in this manner, if staff would care to  
42 enlighten me; I just find this policy to be totally flipped upside down. And we should  
43 change it. And the most effective way of doing it would be what?



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1 Linda McMillan,

2 Well, I think the committee agreed they want to return to look at the law. And you would  
3 make policy changes when you revise the law. And then Executive would have to make  
4 changes reflecting your amended law into new regs. I think that, for example, when we  
5 talk about the revolving piece, you'll see that we did, you know, amend some of the  
6 language in what originally came over, because the emphasis is on preservation. We  
7 know a lot of the emphasis is going to be on preservation. We talked about in committee  
8 the importance of rental housing. So I think in terms of how you set up this particular  
9 PDF for the revolving fund, you're starting to say what those policy decisions are. But I  
10 think in terms of -- I think the legislative intent here is giving direction to the department,  
11 the department director as we've seen -- because the HIF is not used in accordance  
12 with what the stated policies and the law and regs are; it's used with the caveat that the  
13 director can override those as appropriate to do what we need to do. And so what we  
14 see is even in the expenditures of the HIF, it really is focused on preserving existing  
15 affordable housing and ensuring long-term affordability. But I think it is more  
16 complicated than trying to make just a statement.

17  
18 Councilmember Berliner,

19 So one could not, as I appreciate staff's observation, because the law is written the way  
20 the law is written, and the regulations exist, we cannot in this budget process make  
21 modifications of that nature. I would ask Director Nelson to advise us. Your quote was  
22 that a good portion of the dollars will be going to acquiring existing units. Can you share  
23 with the Council the context in which you believe it is appropriate to build as opposed to  
24 acquire; because I find -- I would like to understand from your perspective the  
25 circumstances that would justify expenditure of that nature.

26  
27 Rick Nelson,

28 Well to the extent that one of the things that the HIF is used for is to, in fact, encourage  
29 the private sector developer to increase the number of affordable housing units. So if we  
30 had a developer who was, in fact, going to be constructing new units, then that is  
31 something that we would consider in terms of gap financing to ensure that there be  
32 some increased development. It is possible on some of the County-owned, though I'm  
33 not sure because we haven't seen it yet, depending upon the development there might  
34 be a need for some kind of gap financing on the County-owned land. As I said, that  
35 hasn't occurred yet. I don't see -- I think those are the primary things that I would see off  
36 the top in terms of construction. Let me take another one, for example. The Silver  
37 Spring library; we're going to, in fact, develop some housing down there. Whether that's  
38 going to cost us out of HIF or not, I'm not sure because, obviously, the cost of the land  
39 is taken out of that equation. But those are some examples. I think the other way I can  
40 answer your question is by looking at the use of the funds that we -- the use to which we  
41 put the funds over the course of the last year most of those -- and I would just quickly  
42 trying to look at it, and I can give you a more definitive meaning on this. Most of that has  
43 been for preservation and rehab.



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1 Councilmember Berliner,  
2 As a percentage -- .

3  
4 Rick Nelson,  
5 As opposed to new construction.

6  
7 Councilmember Berliner,  
8 As a percentage, it would be what though?

9  
10 Rick Nelson,  
11 You know, I don't -- I don't want to say only because a number that I would give you in  
12 terms of percentage now, I'd have to live with. And without looking at these numbers  
13 more precisely -- it is a significant -- a significantly greater portion of the funds go toward  
14 rehab and/or renovation, as opposed to new. But I'll have to provide you with the  
15 specifics on that.

16  
17 Councilmember Berliner,  
18 Well, I appreciate the clarification of staff and of the commitment of the Chair of the  
19 committee to take this matter up and hopefully put us on a track that bears a little closer  
20 resemblance to reality than what we have in law and regulations today.

21  
22 President Knapp,  
23 I appreciate the importance of the observations the own Councilmembers have made.  
24 The committee was very clear and, of course, the discussion that there are a number of  
25 things as it relates to the Housing Initiative Fund that we're going to revisit; many kind of  
26 tie off each other, some are circumscribed in current law and regulation. So it's going to  
27 take a broader discussion within the committee and is certainly committed to doing that.  
28 And I think we actually have two sessions already scheduled for in later June and July  
29 timeframe to begin that process. So we are going to spend time on this and I appreciate  
30 the interest. Council Vice President Andrews.

31  
32 Vice President Andrews,  
33 Thank you, Council President Knapp. Well I want to note the leadership of my colleague  
34 Councilmember Leventhal on the issue of homelessness, and thank him for it. And also  
35 thank the Council President for his leadership as well. Everything I have heard about  
36 the Housing First model is related to the homeless. And, so the question I have is  
37 whether the language in the resolution, the language on -- in the paragraph on page 2  
38 needs to be a little more specific, the second line. Because it notes to implement a plan  
39 to transition county housing programs to a Housing First model. And I am assuming the  
40 intent is housing programs that assist the homeless and those at eminent risk of  
41 homelessness is the intention.

42  
43 Councilmember Leventhal,  
44 That's just the [inaudible] if those were homeless.



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1  
2 Vice President Andrews,  
3 Okay. All right. Well I thought I saw discussion about -- we have other programs I know  
4 that provide eviction prevention services. Okay. So this is really limited then to those  
5 who are already homeless, not those who are at eminent risk, which we have some  
6 other programs for. Might it be better to make it a little more specific then and say  
7 housing programs to assist the homeless to a Housing First model?

8  
9 Councilmember Leventhal,  
10 That's fine with me.

11  
12 Vice President Andrews,  
13 All right. Because I'm not -- I don't know that if you don't do that there might be some  
14 implications that we haven't thought through for -- they may not be applicable to all  
15 housing members.

16  
17 President Knapp,  
18 I don't see any objections. Okay. We can add that; make that change. Thank you,  
19 Council Vice President Andrews. We are now -- Councilmember Floreen?

20  
21 Councilmember Floreen,  
22 I'm not sure, but my comments were not about this.

23  
24 President Knapp,  
25 Okay.

26  
27 Councilmember Floreen,  
28 It was about the revolving program. So have we talked about that or -- ?

29  
30 President Knapp,  
31 Well let me see -- let me -- wait. I touched on it before, but let me see if Councilmember  
32 Leventhal has another comment on this specific item, and then we can go back to the  
33 revolving plan.

34  
35 Councilmember Floreen,  
36 Sure.

37  
38 Councilmember Leventhal,  
39 We seem to be moving in a good direction, and I appreciate the Chair's assurance that  
40 the PHED Committee will take a hard look at the language authorizing uses of the HIF. I  
41 just want to remind my colleagues, not so much under Mr. Nelson. He has been at his  
42 job all that long. But what has happened -- my view of what has happened in the past  
43 with the HIF, and this is what I want to guard against, is that the easiest deals get done  
44 the quickest. That's natural. That's human nature. So the easiest deals are those for



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1 which the ultimate occupants of the housing can contribute the most of their salary.  
2 That's the easiest leveraging to put together. Those are going to be the people -- I don't  
3 want to be unkind. We need to provide all kinds of ranges of opportunities. We need to  
4 provide workforce housing. We need to provide, you know, housing for all kinds of  
5 people. But the truth is people who are at median income will find housing. And so what  
6 the Council President and I initially laid out -- and it was not that the entire HIF would be  
7 spent on the very poorest, not that even half of the HIF would be spent on the very  
8 poorest; all we were trying to seek was a surety that 8%, 10%; and we're not even  
9 getting that, because now we're talking about a \$54 million HIF. And we're only talking  
10 about 4.5 million for Housing First. A very small portion of the whole should be devoted  
11 to those who absolutely need it the most, who have nothing, no housing at all. And I just  
12 want to remind my colleagues of that. Because I understand the Director wants to have  
13 flexibility. Any director would. I understand the Director doesn't want to be tied down by  
14 legislative intent. And I understand that we have to be opportunistic. Things arise; we  
15 don't know what they'll be. An opportunity to leverage a deal, acquire something,  
16 building something; you don't want to be too boxed in. And I appreciate that. And the  
17 history of the HIF has been that we have been entrepreneurial and opportunistic. But  
18 I'm afraid that that has actually skewed the outcomes -- and I know the figures here  
19 state that you have already spent more than, you know, you spent 10 million or so on  
20 programs that benefit the homeless, and I am cognizant of that. But the easiest deals  
21 are those that benefit those who may not actually need the help the most. There are  
22 those who can contribute significant income to make the deal work. Nothing wrong with  
23 that; we should do those deals. But let's at least make sure that those who need the  
24 very most help, those that have the very least are getting some part of this dramatically  
25 increasing fund. The County Executive has said he wants to increase this to \$75 million.  
26 And so it's even more urgent, in my judgment, as we get more and more and more  
27 resources into this fund that are we looking at are we sure that the very neediest people  
28 get a measurable and realistic, and outcome based amount of the benefit. And I just  
29 wanted to place that squarely on table.

30  
31 Councilmember Elrich,

32 I guess I feel like we're in a transition here, George. And I -- that's why I'm less  
33 uncomfortable with what we're doing. I mean, we're not ready to roll Housing First out  
34 July 1 anyway. And we will do some kind of transition maybe in October depending on  
35 what the Director brings back to us. So, I am okay with this for this year. I would -- what  
36 I would really like is ultimately to take this all out of the HIF, because I think this  
37 shouldn't -- this is a definable program that we ought to be funding. And I was very  
38 surprised at the number when you put everything together; the 14.5 seemed to be a  
39 reasonable number. I think that, you know, maybe over the course of the year we ought  
40 to look at setting that as the baseline for this, particularly if it works; you know we see  
41 how things go after a year and not leave it to the vicissitudes of what happens in the HIF  
42 fund. I think it's important enough. I think you've rightly focused on. And I think we ought  
43 to evaluate it as more of a separate ongoing, you know, commitment we make, and  
44 leave that in one place and then focus on housing construction and acquisition for the





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1 more general issues in a separate piece. But I think that, you know, right now we don't  
2 even know when this thing will go live or how live it will go. And so I am willing to kind of  
3 like play this year out and then readjust during the course of the year. And I would like  
4 to have a discussion about how best to treat homeless funding and homeless programs  
5 in PHED and any place else.

6  
7 President Knapp,

8 I want to thank everyone for their efforts on this one, because I think that this is an  
9 important area for us to place focus. It is easier for us to forget those neediest among  
10 us. And I think Councilmember Leventhal has accurately and adequately brought this to  
11 our attention, and is forcefully advocating in the right direction. But I was struck by Mr.  
12 Elrich's comment in committee where he said, you know, if we can truly make this much  
13 progress with this amount of money, we certainly should. And so I think how that  
14 program ultimately comes together, we will review in the coming months and figure out  
15 we have got the right program. But I think there is no reason given the resources we're  
16 providing for affordable housing in general, certainly a focus can be placed on -- on  
17 those most vulnerable in our homeless population. And so I think that this is moving in  
18 the right direction, so I appreciate everyone's efforts in that respect. With that, we turn to  
19 the third bullet on page 2. The PHED Committee recommends approval of the  
20 Executive's proposal to create a revolving program in the Housing Initiative Fund that  
21 is funded from the proceeds of taxable bonds. And it is anticipated that \$25 million in  
22 bonds will be issued in FY09, and Councilmember Floreen has comments on that.

23  
24 Councilmember Floreen,

25 Thank you. And just to conclude the previous comment. Remember, we do have the  
26 Housing Opportunities Commission to separate, and has a budget of almost \$200  
27 million focused on a needier population. So let's just remember that in the course of this  
28 exchange. But on this, I wanted to make the point that has been made to me by folks in  
29 the affordable housing world. The Executive's recommended approach here [inaudible]  
30 as a big increase in the Housing Initiative Fund, the \$15 million to be bonded over two  
31 years is a revolving fund, which is -- by its nature is restricted to monies that are  
32 capable of being paid back. So I just wanted to mention, I mean, really I'm going to want  
33 to look at this very carefully in the course of the next year to make sure that it doesn't  
34 supplant what we really need to do, which is to help people in the category of providing  
35 affordable housing with various approaches. And I've been working hard on this for a  
36 number of years trying to find a source of revenue that would allow us to create  
37 financing support for some big-ticket items. But this is also short-term support for big  
38 ticket items so that there is an intention that at the end of the day the money will come  
39 back into the funds within a couple of years. And that means that it is not money that  
40 can be committed as a grant or to fully underwrite one project or another; it is going to  
41 depend. And while I'm willing to go along with it at this point, because at least it  
42 achieves this financing support that I think is very much needed. I am going to be  
43 worried about whether or not it -- it replace -- it in effect, makes less dollars available for  
44 overall operations. I do get concerned as of the Housing First initiative that you start



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1 using dollars intended for housing for other things. And I just say I will be watching this  
2 to make sure that the 50 million ultimately does not supplant or make less available  
3 dollars that we had anticipated to be available to be sunk into project that where you  
4 don't see the return in the same way. But you can under -- you can fund housing  
5 production schedule or acquisition objective that keeps the rents low and the  
6 affordability low. And I know there are a variety of pieces that folks over at DHCA will  
7 pay great attention to how this works out. But I wanted to convey my concern in that that  
8 has been conveyed to me to people in this field as to the accessibility of these dollars  
9 for groups or organizations that aren't going to be able to pay it back. And that means  
10 they are not going to be able to be funded by this, and they will have to look to other  
11 resources within the HIF, or other resources elsewhere. So I wanted to make that  
12 comment as we proceed. I am not going -- as I said I think this part of it is a -- is a good  
13 and desirable objective, but we do worry about what is left. And what is left over for  
14 those projects that come on.

15  
16 Rick Nelson,

17 Can I just -- we might have done a better job of explaining the revolving program to the  
18 Council than we did to some of our partners. I would take issue with the fact that some  
19 of the nonprofits, particularly, cannot take advantage of the acquisition fund. There are a  
20 number of projects that we have in the past funded. Some that we're considering, that in  
21 fact require some initial upfront financing before the project is permanently financed.  
22 This allows us to do that. In the end when it is permanently financed there still will be a  
23 small piece or a piece that will need to be supported by the HIF. And that will come out  
24 of the cash side of the HIF. But I think that it will in fact help with in a number of potential  
25 projects, because there are other sources out there for funding. Many times, and I  
26 remember in my experience at HOC, there were some deals we wanted to do but we  
27 just didn't have the time to put the financing in place, so we passed it up. This allows an  
28 HOC or a nonprofit to, in fact, get that deal on the table underway, and pursue a variety  
29 of other sources.

30  
31 Councilmember Floreen,  
32 Right.

33  
34 Rick Nelson,  
35 So, and I don't think that -- okay.

36  
37 Councilmember Floreen,  
38 I am hopeful that it will all work out.

39  
40 Rick Nelson,  
41 No more hopeful than I.

42  
43 Councilmember Floreen,  
44 And will keep rolling along, yeah. Thanks.



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1  
2 President Knapp,

3 To build a little upon Councilmember Floreen's comment. One of the things I am most  
4 interested in is what is the capacity within our current system to be able to absorb all  
5 those additional resources; and so I will be curious to see how the deals come together  
6 over the course of the next year to two years, especially if we do this thing in the next  
7 year. One of the conversations we had in committee was that the County is not  
8 necessarily going to be the owner of these parcels, nor do we want to be. But what is  
9 the capacity of our nonprofit community to increase to the absorption rate of what our  
10 additional resources will allow them to do. And so, that will -- we will find that as we  
11 begin to see [inaudible] okay. Councilmember Leventhal.

12  
13 Councilmember Leventhal,

14 Well, first of all, I acknowledge that Councilmember Floreen has really been a leader in  
15 making sure that we do not take additional resources in the HIF and use them to  
16 supplant the dollars that we voted for years ago to go into the HIF. And Councilmember  
17 Floreen was there with transfer taxes and condo taxes, and on a number of occasions  
18 Councilmember Floreen has been making sure that that occurred. So I appreciate her  
19 leadership on that. I do have to, I'm sorry, take issue with her suggestions that the  
20 Housing First program is not somehow about housing. I don't understand the logic of  
21 that. So if I heard -- well, we could roll back the tape. You said, as with the Housing First  
22 program, we are dollars on something other than housing. Everything that is done in the  
23 Housing First initiative is about housing people. And there are multiple ways to house  
24 people. But the approach that the County has taken to date with respect to the dollars  
25 that have been spent out of the HIF for the homeless have not resulted in a reduction in  
26 homelessness. And so the Housing First model says try an innovative way of actually  
27 getting to people where they are. And if that means interacting with them in such a way  
28 that they have to get past their mental illness or they have to get past their drug abuse,  
29 or you have to get a family with children out of a motel room, and that takes some staff  
30 and that takes some additional effort. It is still all about housing people. That is what it is  
31 about. So I didn't want to let that comment rest that somehow Housing First is about  
32 something other than housing, because it is all about housing. That's what it is all about.

33  
34 Councilmember Floreen,

35 And my point -- and what I said is -- was that I worry about that. We have done that with  
36 the communities To Call Home initiative. Again, same issue. And, we have allocated I  
37 think it is up to about a million dollars in expenditures for those sorts of things. That's all  
38 I said, George. I didn't that -- and because we've worked so hard on it -- together on it.

39  
40 President Knapp,

41 Good.

42  
43 Linda McMillan,



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1 Mr. Knapp, I do have just two changes related to the language that I've included in the  
2 packet regarding the revolving. The revolving program is implemented through the CIP  
3 adjustment that the Executive sent over.

4  
5 President Knapp,  
6 Right, so you're at the bottom of page 2; so we're just turning to that.

7  
8 Linda McMillan,  
9 Right.

10  
11 President Knapp,  
12 So actually [inaudible] so these are your changes to the PDF?

13  
14 Linda McMillan,  
15 Right.

16  
17 President Knapp,  
18 Okay.

19  
20 Linda McMillan,  
21 The committee discussed the PDF, which is at circle 40 in the packet that the Executive  
22 sent over to have a place to revolve this money in and out of. And the committee had a  
23 discussion about the Executive's original language. And I had drafted the language that  
24 starts at the bottom of page 2 and goes on to page 3. Based on the committee's  
25 discussion in the description section we do need to specifically add in addition to not-  
26 for-profit tenant or for-profit entities, we need to add the Housing Opportunities  
27 Commission because they don't fall specifically into one of those categories.

28  
29 President Knapp,  
30 That's on line 3. So the County may purchase properties or assist not-for-profit tenant --  
31 .

32  
33 Linda McMillan,  
34 Tenant -- for-profit entities or the Housing Opportunities Commission.

35  
36 President Knapp,  
37 Okay.

38  
39 Linda McMillan,  
40 And then on the very last line in the other category, the committee did talk about  
41 wanting to make sure that there were resale or control period restrictions. I think it would  
42 be better to say to ensure long-term affordability, than to specify similar to those in the  
43 MPDU program after having some discussions. I think it's then unclear to people which  
44 particular parts of the MPDU program, we might be similar to our [inaudible].



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1  
2 President Knapp,  
3 So say the language you want to use again.

4  
5 Linda McMillan,  
6 Resale or control period restrictions to ensure long-term affordability should be a part of  
7 the projects funded with these monies. Okay.

8  
9 President Knapp,  
10 Okay. Any disagreement with that? Okay. Good. Agenda for the final recommendation,  
11 if you look at the middle of page 3, there are one, two, three, six items that are included  
12 in the recommendations forwarded by the committee, but they are also in the  
13 Executive's recommendation for the DHCA budget. And so I just commend those to  
14 your review at that point. I don't see any further comments. I thank Linda. I thank the  
15 Department for the efforts in this discussion. It has been a very good dialogue. And we  
16 will obviously spend a lot time together in the coming months. Okay. We now turn to  
17 CIP adjustment Montgomery County Government Complex which replaces the Judicial  
18 Center Annex. I turn to the Chair of the Public Safety Committee, Mr. Andrews.

19  
20 Vice President Andrews,  
21 Thank you, President Knapp I see Pam Harris here from Circuit Court. This is an issue  
22 that came up before the Public Safety Committee. In fact, let's have the folks introduce  
23 themselves who are here at the table now with us for people listening in. Go ahead.

24  
25 Pam Harris,  
26 Pam Harris, Circuit Court Administrator.

27  
28 Hamid Omidvar,  
29 Hamid Omidvar, DPWT.

30  
31 Vice President Andrews,  
32 Okay.

33  
34 Jacqueline Carter,  
35 Jacqueline Carter, Office of Management and Budget.

36  
37 Blaze Defazio,  
38 Blaze Defazio, OMB.

39  
40 Vice President Andrews,  
41 Good morning everyone. The committee is recommending 3-0 that we retain the  
42 separate -- have a separate as we had Judicial Center Annex PDF in order to insure  
43 there is no loss of focus on it. It is imperative that we move forward as quickly as  
44 feasible with the Judicial Center Annex. We're out of courtroom space. We need to



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1 consolidate the functions. And a lot of work has been done over the past couple years.  
2 The Circuit Court has been waiting a long time as well. The committee was concerned  
3 that if the Judicial Center Annex were merged into a PDF that included the entire  
4 Montgomery County Government Complex, which includes the core areas here in  
5 Rockville, the County Council building, the garage, and other components in the core,  
6 that, while not officially designated to be in that new PDF or part of the thinking, we're  
7 concerned that there might be inadvertent delays in the focus that needs to be like a  
8 laser on moving forward on the Judicial Center Annex. So the committee is  
9 recommending 3-0 that we maintain a separate PDF for the Judicial Center Annex,  
10 which is on circle 7 and 8 that Linda has provided in the packet. The Council had earlier  
11 agreed that we should use a working assumption of about \$100 million for construction  
12 for the facility as a reasonable amount. Earlier projections had an estimate that could be  
13 twice that high, and we simply concluded that a building in the \$200 million range is just  
14 not affordable. So there needs to be a scaling back to a level that is in the \$100 million  
15 range for the building. And then including the \$30 million or so that is estimated to be  
16 needed for the HVAC replacement in the initial judicial center. That needs to move  
17 forward as soon as feasible. Then there are funds in for planning and design. And so  
18 the committee is recommending the that we retain a separate PDF for the Judicial  
19 Center Annex. And Linda has put together, and the committee is recommending, a  
20 separate new PDF for planning/design of Montgomery County Government Complex  
21 that will look at a potential new Council office building, garage addition, new pedestrian  
22 bridge. And how this will fit into the Rockville core. That PDF that Linda has drafted is  
23 on circle 1. It would be for \$4.6 million for planning, design and supervision. And that  
24 would be over the next two years. So that is the committee's recommendation. And if  
25 there are any questions, the floor is open. Did I leave anything out, Linda?

26  
27 President Knapp,

28 No. You were so good and there are no questions. Thank you very much. And with now  
29 turn to the Department of Environmental Protection. I turn to the Lead for Energy and  
30 the Environment, Councilmember Berliner.

31  
32 Councilmember Berliner,

33 Thank you, Council President. My goal with the support of my colleagues is to finish this  
34 item in approximately 2-and-a-half minutes.

35  
36 Councilmember Trachtenberg,  
37 You're on.

38  
39 Councilmember Berliner,

40 The committee unanimously is recommending approval of the budget as submitted to  
41 us. There are no real controversies. The -- I will allow these folks to sit down. I am  
42 hoping to be done before you actually get comfortable. There are no real controversies  
43 with respect to this budget item. The controversies that did exist really pertain to funding  
44 for our environmental initiatives, which we are going to fund separately through the



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1 modest modified carbon surcharge that the TIE&E Committee and the MFP Committee  
2 has recommended. And it is recommended that certain items be put on the  
3 reconciliation list related to our climate change initiatives, related to protecting low-  
4 income rate payers from any adverse impact as a result of the carbon surcharge. So we  
5 really -- there is nothing in this item that I believe warrants significant conversation. The  
6 only increase of any note relates to our water quality fund, and those are increases  
7 relating primarily to increased inspection and maintenance and low-impact  
8 development. And the inspection and maintenance budget is driven in part by the  
9 transfer from NCPS to our DEP, the ongoing responsibility with respect to some storm  
10 water facilities that have now been completed. So Councilmember Floreen, did you  
11 have an observation you care to make?

12  
13 Councilmember Leventhal,  
14 Yeah, if the \$300,000 or some smaller amount that has been placed on the  
15 reconciliation list for the Clean Energy Awards Program survives into the final budget,  
16 can we enroll new members July 1?

17  
18 Robert Hoyt,  
19 No, not July 1. As we indicated to staff -- .

20  
21 Councilmember Leventhal,  
22 If we give you money?

23  
24 Robert Hoyt,  
25 Yes, we can enroll new members.

26  
27 Councilmember Leventhal,  
28 This packet recollects that the TIE Committee added \$300,000 to the reconciliation list  
29 for new benefits for Clean Energy Rewards Participants.

30  
31 Robert Hoyt,  
32 Just not under the national program. That's what I was responding to.

33  
34 Councilmember Leventhal,  
35 How long will it take to write the regs on that?

36  
37 Robert Hoyt [inaudible],  
38 Three to four months to go through the whole process.

39  
40 Stan Edwards,  
41 We have to write regulations, have regulations approved. We have to work with the  
42 energy suppliers to new products that are qualified in the system.

43  
44 Councilmember Leventhal,



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1 Three to four months?

2

3 Stan Edwards,

4 We think that three to four months.

5

6 Councilmember Leventhal,

7 So you would enroll people July 1 with the local regs?

8

9 Stan Edwards,

10 Well we'd have to talk about whether we want to enroll people with the local regs or  
11 whether we want to go with the national program. I'm assuming that the approval would  
12 be for the reduction in the award that we're giving. So we would want to talk about  
13 whether we want to reduce the award and still offer the local products, or have them  
14 wait until we get the national products.

15

16 Robert Hoyt,

17 It would be to our advantage, obviously, so we could get more bang for the buck. But  
18 we would not be able to open the program until September if we waited until all of the  
19 paperwork for the national program is in place. So we will know Thursday what is  
20 contained in this budget. And then your shop will get to work writing a new reg.

21

22 Stan Edwards,

23 We're working now on doing that.

24

25 Robert Hoyt,

26 We're already working on that, yes.

27

28 Councilmember Leventhal,

29 So your goal would be that we could enroll new customers September 1?

30

31 Stan Edwards,

32 That will be our goal. We are going to work as fast as we can. If we can get -- .

33

34 Councilmember Leventhal,

35 I have a lot of constituents asking me.

36

37 Stan Edwards,

38 I understand.

39

40 Councilmember Leventhal,

41 Once we pass it in the budget, we -- .

42

43 Stan Edwards,





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1 We have the same. And we're going to work as quickly as we can to try to get the  
2 program reopened and enroll as many people as we can.

3  
4 Councilmember Leventhal,  
5 Is it reasonable to project that we might be able to enroll people September 1?  
6

7 Stan Edwards,  
8 I think that is a reasonable projection. But there are some due diligence steps we have  
9 to go through. Right now under the regional program, for example, we have a tracking  
10 system that is recognized to track regs. If we're going national, we want to make sure  
11 we have the same controls in place so that people can be assured when they're buying  
12 clean energy that they're buying legitimate clean energy. That's the due diligence steps  
13 we have to go through.  
14

15 Councilmember Leventhal,  
16 As soon as you have a timeline for when we're going to get this reg, how long it's going  
17 to take, and when the program will be reopened, you will let me know, please.  
18

19 Stan Edwards.  
20 Yes.  
21

22 Councilmember Berliner,  
23 And if there are no further comments from my colleagues, I believe this matter can be  
24 agreed to.  
25

26 President Knapp,  
27 Very good. I see no objections. Chair of the ED Committee, Councilmember Ervin.  
28

29 Councilmember Ervin,  
30 Thank you very much. Is there anybody here that is going to come to the table on this  
31 issue -- Old Blair Auditorium? Mr. Lavorgna, and Mr. Song, and Stuart Moore? Okay,  
32 thank you. Could you all please introduce yourselves for the record?  
33

34 Joe Lavorgna,  
35 Good morning. I am Joe Lavorgna, Acting Director of Facilities Management for  
36 Montgomery County Public Schools.  
37

38 Stuart Moore,  
39 I am Stuart Moore from the Old Blair auditorium Project community group.  
40

41 James Song,  
42 James Song, Director of Division of Construction in Montgomery County Public Schools.  
43

44 Councilmember Ervin,



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1 Thank you, all very much. Old Blair Auditorium is an issue that I have been working on  
2 for the last 17 months with the community. And we're looking to create a dynamic  
3 multiuse space with an auditorium and space for organizations that provide support for  
4 students, and the community, and possibly including after school or childcare programs.  
5 After several meetings, MCPS agreed to include \$25,000 in its facility planning PDF for  
6 a feasibility study for the space at the Sligo Creek Elementary School/Silver Spring  
7 International Middle School. MCPS staff has taken the lead in preparing for and  
8 conducting the feasibility study. And my office is working in concert with the Executive  
9 Branch to convene a stakeholder group. Once a program of requirements is completed,  
10 the feasibility planning will take a few months. The Old Blair Auditorium project  
11 representatives are supportive of this approach, and will be an integral part of this  
12 stakeholder group. The ED/HHS committees met on this issue and made the language  
13 changes you see on page 1 of the packet. If I've missed anything else, please let me  
14 know, Essie. Otherwise, if there are no lights on this issue, we're done.

15  
16 Vice President Andrews,  
17 Thank you.

18  
19 Councilmember Ervin,  
20 Unless anybody has a comment.

21  
22 Vice President Andrews,  
23 Don't see any lights. No lights.

24  
25 Councilmember Ervin,  
26 Okay, thank you very much.

27  
28 Vice President Andrews,  
29 All right.

30  
31 Councilmember Ervin,  
32 Let's move on to the work session for the Operating Budget for Montgomery County  
33 Public Schools. Now we're being joined by several people at the dais. If you all could  
34 introduce yourselves for the record please.

35  
36 Nancy Navarro,  
37 I'm Nancy Navarro, President of the Montgomery County Board of Education, and I also  
38 in the audience have some more members -- Vice President Brand and Ms. Cox and  
39 Ms. O'Neal.

40  
41 Jerry Weast,  
42 Jerry Weast, Superintendent of Schools.

43  
44 Marshall Spatz,



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1 Marshall Spatz, Director of Management, Budget and Planning.

2  
3 Larry Bowers,  
4 I'm Larry Bowers, Chief Operating Officer.

5  
6 Beryl Feinberg,  
7 Beryl Feinberg, OMB.

8  
9 Councilmember Ervin,

10 The Education Committee had four separate work session to review the Board of  
11 Educations recommended FY09 Operating Budget request of more than \$2.1 billion.  
12 This amount represents an increase of 6.4% from the FY08, and includes funds already  
13 negotiated with the Four School Employee Associations. The Board's recommended  
14 budget is driven by enrollment data, which projects an increase of 756 students over the  
15 FY08 level. Current data shows that elementary school enrollment has increased the  
16 most while middle school enrollment has declined. ESAU and special education  
17 students are projected to increase, and the number of students eligible for free and  
18 reduced meals continues to be significant and growing. MCPS reports that nearly 26%  
19 of all of its students are eligible for farms in FY08; that is one in four students who are  
20 living in poverty. The County Executive recommended a total operating budget of just  
21 over \$2 billion, which was cut -- which was a cut of \$51.1 million from the Board of  
22 Education's request. The Council President requested that the County Executive  
23 provide information about who this recommendation was reached and what areas he  
24 recommended reducing. The County Executive did not respond to this request. During  
25 our work sessions the Education Committee quickly discovered that we had no easy  
26 choices to make. The Board of Education did not send us a budget pack with new  
27 initiatives and extras, instead this budget focused on the essentials needed to continue  
28 to operate a top-notch school system. Essie McGuire, our excellent Council staff, did an  
29 excellent job of scrutinizing every line of this budget, and the committee had to dig deep  
30 to identify the savings that I'm going to outline for you. While we looked at several  
31 options, in the end the Education Committee unanimously recommended \$22.5 million  
32 in non-recommended reductions to the Board's FY09 request, and recommended  
33 placing a total of \$7 million on the reconciliation list. Councilmember Andrews also  
34 supported a 2% reduction to the negotiated 5% general wage adjustment for all MCPS  
35 employees. Council President Knapp and I voted against this proposal. It is important  
36 for people to remember that the budget reductions made by the Council serves as  
37 guidance to the Board of Education. The Board ultimately determines how to allocate  
38 these reductions according to its priorities. Most of the reductions are budgeted in  
39 category 3 instructional salaries, which includes the FY09 and most of the FY09  
40 initiatives as well as the non-classroom teachers. One thing that continues from last  
41 year is that State and Federal Government continues to put a larger funding burden for  
42 education on the County. The Board's budget assumes \$17.3 million less in State aid  
43 than the superintendent's recommended budget. This reduction reflects a number of  
44 significant changes in the County's State aid allocation. The State is not funding an



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1 inflation adjustment in foundation aid for FY09 or FY10. This inflationary adjustment has  
2 been part of Thornton since its inception. The County also projected to receive \$27.5  
3 million less in foundation aid in FY09 than it did in FY08. As a partial offset to this  
4 reduction, the County is slated to receive a supplemental grant of \$10.4 million. The  
5 Board has also received preliminary information on Federal funding that identifies a  
6 potential overall decrease of \$4 million. This reduction is related to changes in formula  
7 calculation for Title 1 and other reimbursement reductions in Federal programs,  
8 including special education. I'm going to go through the non-recommended reductions  
9 the committee agreed to and they are as follows: Accelerated phase out of Mark Twain  
10 totaling \$1 million. This program will be phased out at the end of FY08. This amount is a  
11 net savings after staff redeployment. FY09 requested initiatives totaling \$10.2 million.  
12 This amount represent all initiative funding recognizing that some of these initiatives are  
13 part of current programs and some are important to specific student populations, the  
14 committee recommended many of these for the reconciliation list. These include Middle  
15 School Magnet Consortium, \$1.2 million; Poolesville High School Whole School  
16 Magnet, \$120,960; the IB Diploma program at Kennedy and Seneca Valley high schools  
17 totaling \$79,310; Focus Schools, \$573,790; class-size adjustments for special  
18 education students totaling \$602,190; support for ESAU students with interrupted  
19 educations, \$163,710; Middle School Reform, \$3.3 million; and hours-based staffing  
20 totaling \$923,100. The FY08 non-classroom initiatives total \$1.6 million. They are the  
21 reductions that the committee believed would have less direct impact on the classroom.  
22 These relate to reductions in planning and coordination time, data assistance and IT  
23 user support. Non-classroom teach and supervisors totaling \$2.5 million. This reduction  
24 includes categories of teachers and supervisors that are in direct classroom settings.  
25 Many of these positions are in the other professional category of 12-month MCEA and  
26 MACAS positions. We took a general reduction, a total of \$4 million. This represents a  
27 general operating reduction for administration, staff development and technology. Fund  
28 balance total \$2.7 million assumption. This is the assumption -- this is the assumed  
29 additional resources available from the MCPS FY08 savings plan. The target for their  
30 savings plan had originally been in the \$10 million range. But the Executive Branch  
31 assumed \$13.2 million in savings. The good news is that the school system more than  
32 met its target, and an added \$2.7 million is available for use in FY09. I personally wish  
33 that other large departments in county government could streamline their operations to  
34 find this level of savings. OPEB revised plans from 5 years to 8 years totaling \$3.2  
35 million. This is the difference between the amount assumed in the Board's budget and  
36 the amount assume by the Executives under the eight-year phase-in plan, which is \$29  
37 million. This phase-in period is now consistent among all agencies. And this concludes  
38 the Education Committee report. I would like to ask my colleagues on the Education  
39 Committee if they have any further comments.

40  
41 Vice President Andrews,

42 I just want to thank Chair Ervin and former Chair Knapp for the way in which they  
43 conducted the work sessions. I think we really went into a lot of detail on the budget,  
44 which I found very helpful. We had a lot of good back and forth with the school system. I



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1 think that's excellent. You have described the positions of the committee members  
2 accurately, and I appreciate the process you used.

3  
4 Councilmember Ervin,  
5 Thank you.

6  
7 President Knapp,  
8 Councilman Floreen has got a question.

9  
10 Councilmember Floreen,  
11 Thank you. I just had a couple of requests for information and clarification. Because we  
12 had asked ourselves, and I was looking at the -- where is it? It was the last page -- no,  
13 page 12. With respect to the projected enrollment, for the next year, though, you're only  
14 projecting 18 new students according to this. Is that right, Mr. Weast?

15  
16 Jerry Weast,  
17 You have to go to this year's enroll to the get the 756.

18  
19 Councilmember Floreen,  
20 Yeah, I know.

21  
22 Jerry Weast,  
23 We had an additional 715 some students show up this year. And then you add that to  
24 the projected 18 that we're projecting next year. I can not assure you because we  
25 missed it 700 this year, whether that will occur or not.

26  
27 Councilmember Floreen,  
28 Did you -- do you have any -- .

29  
30 Jerry Weast,  
31 We absorbed the 700 this year without any increase in budget.

32  
33 Councilmember Floreen,  
34 Do you have -- what was the projection last time around?

35  
36 Jerry Weast,  
37 It was actually 750 down.

38  
39 Councilmember Floreen,  
40 You expected a decrease?

41  
42 Jerry Weast,  
43 We expected a decrease of about -- and it didn't occur.



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1 Councilmember Floreen,  
2 So you got 1500 more students?  
3  
4 Jerry Weast,  
5 No, we're going to have over the two-year period about 750 more students.  
6  
7 Councilmember Floreen,  
8 But over the one year period, you're projecting 18.  
9  
10 Jerry Weast,  
11 Yeah. That's our projection.  
12  
13 Councilmember Floreen,  
14 I just wanted to clarify that.  
15  
16 Jerry Weast,  
17 Right. But again -- .  
18  
19 Councilmember Floreen,  
20 And the number of new additional work years that are part of the budget that is  
21 recommended? Do we know?  
22  
23 Essie McGuire,  
24 It's 186.  
25  
26 Jerry Weast,  
27 Yeah, 186.4.  
28  
29 Councilmember Floreen,  
30 And that is what -- .  
31  
32 Jerry Weast,  
33 That's your [inaudible] -- .  
34  
35 Councilmember Floreen,  
36 The committee's recommendations.  
37  
38 Unidentified,  
39 Add to last year's approved budget.  
40  
41 Councilmember Floreen,  
42 Well, according to the committee's recommendations.  
43  
44 Unidentified,



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1 The committee's recommendation only -- it's about even. You go down to about 25, you  
2 leave about 40-some employee work years left -- I mean addition.

3  
4 Councilmember Floreen,  
5 Based on the committee's recommendation the additional work years are?

6  
7 Essie McGuire,  
8 I'm sorry; I didn't calculate an exact total of the additional work years based on  
9 [inaudible].

10  
11 Unidentified,  
12 I do. I don't have an exact total, but it's about [inaudible].

13  
14 Essie McGuire,  
15 It is -- .

16  
17 Councilmember Floreen,  
18 About 40?

19  
20 Jerry Weast,  
21 And they occur in the special ed area.

22  
23 Essie McGuire,  
24 Yeah.

25  
26 Councilmember Floreen,  
27 Okay. And then I wanted to understand what is the State aid situation, and how does  
28 that figure in to all these numbers.

29  
30 Jerry Weast,  
31 The State aid is figured into these numbers, and what the State said -- .

32  
33 Councilmember Floreen,  
34 Did we get or are we getting, at this point, what we've assumed?

35  
36 Jerry Weast,  
37 No.

38  
39 Councilmember Floreen,  
40 And what's the decrease?

41  
42 Jerry Weast,  
43 We neither got what we assumed in Capital, or we got what we assumed in operating.  
44 In the capital there was an assumption by the Executive of 50 and we got 46.



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1  
2 Councilmember Floreen,  
3 Right.

4  
5 Jerry Weast,  
6 That left us 138 million short in capital. Plus the shifts that we've allowed in working your  
7 OMB, it's about 200 million. You have to factor that in to when you add the capital and  
8 the operating, we're short almost 200 million in being able to do anything in capital.  
9 Then in the operating, the State said that the wealth of Montgomery County went up  
10 compared relative to the rest of the state, and shorted us \$27 million.

11  
12 Councilmember Floreen,  
13 And that's based on what you had assumed?

14  
15 Jerry Weast,  
16 Based on what we had assumed, yes. We had assumed the State would live to their  
17 obligation.

18  
19 Councilmember Floreen,  
20 Right. Okay. Just so I understand.

21  
22 Jerry Weast,  
23 And then the State came in with a -- .

24  
25 Councilmember Floreen,  
26 I appreciate your framing and the politics of it. I just wanted to understand the numbers.  
27 So you assumed 27 more than State -- than we're receiving.

28  
29 Jerry Weast,  
30 We assumed 27.8 more and the State said that the wealth in the County was too high  
31 for, you know, they look at your income tax receipts too. And then they shorted us 27.8,  
32 but there was a provision in the law to hold harmless that covered 10 million of that, a  
33 supplemental. So our actually shortfall from the State was about 17.

34  
35 Councilmember Floreen,  
36 Seventeen, okay. Thank you.

37  
38 Councilmember Ervin,  
39 Any other lights? No other lights, no other issues. I just want to close by saying that,  
40 right now, teachers are being transferred involuntarily to other schools as we speak in  
41 anticipation of what many think were not deep enough cuts. But these are very deep  
42 cuts to the school system's budget. They will be felt in the classroom. And I think that it  
43 is incumbent on us to recognize that a \$22.5 million cut on top of what we did not get in  
44 State aid just makes our job all that more difficult. So, hopefully if any members of our





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1 delegation are listening they got to do a better job bringing that bacon back home to the  
2 County, because this is getting more and more difficult. And I saw in the Washington  
3 Post an article on Friday that I thought was very disturbing, titled, a School Budget Era  
4 may be Over. And I think that the reporter, I'm not sure if he's in the audience, totally  
5 missed the point that over the last 9 years or 10 years of school system budgets have  
6 resulted in incredible good results for our students in the County. And it's one of those  
7 things that I feel like if you don't invest those investments are going to be felt, and  
8 they're going to be felt very deeply. But I appreciate the work of the committee. I see  
9 that there is a light on now.

10  
11 President Knapp,

12 No, I just wanted to build upon your comments and Councilmember Floreen's  
13 comments as it relates to the issue of the State funding perspective. I appreciate the  
14 efforts of the Chair in putting this together. Thank you President Navarro. Thank you  
15 Superintendent Weast. You know, one of the things that we are really are struggling  
16 with is the impact of the State budget, or lack thereof, on Montgomery County. Our  
17 residents will have paid, given the issues of the special session; will have paid  
18 significantly more, as will many residents throughout the state. But because of both cost  
19 of living and salaries in Montgomery County, we'll pay a much larger share than  
20 anywhere else in the state. And then with changes that took place during the general  
21 session of the General Assembly, our taxpayers are paying that much more. And this  
22 impacts us a couple different ways. We are the jurisdiction in the state that -- the only  
23 jurisdiction in the state that pays nearly 80% of its education budget locally. Virtually  
24 every other state, in fact Baltimore City goes exactly the opposite. They fund 20% of  
25 their education budget locally and get 80% of it from the State. And so interestingly  
26 when taxes on Montgomery County residents increase, we are paying more to  
27 accommodate education for the rest of the state, which is a good progressive  
28 perspective. But we are paying more for everyone else, while at the same time we are  
29 also then being required to pay more locally. So we get hit twice in that respect. It's also  
30 important to note that during the regular session and the special session that  
31 Montgomery County Delegation was -- it was strongly suggested to them that as a  
32 result for the agreements they were making to the increased taxes of their residents that  
33 they would at least see an increase in school construction money to the tune of nearly  
34 \$55 million. Which, on the one hand sounds great, on the other hand is nearly \$83  
35 million less than what the State is required or responsible to pay since they're  
36 responsible for nearly 15/50% [inaudible] of school construction dollars. So in addition to  
37 having to pay twice on the Operating Budget side, we also had an agreement to get  
38 more capital money on the capital construction side, which we're not getting. And so as  
39 a result Montgomery County's residents both have to pay more. We are effectively  
40 providing interest-free loans to the State to fund their obligation for school construction.  
41 At the same time, we also have to defer key school construction projects that we're  
42 focusing on. We have five high school modernizations that I know both the Chair of the  
43 committee and the two other committee members are keenly interested in trying to  
44 accelerate as quickly as we possibly can; that without those resources from the State,



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1 we're probably not going to be able to do as much as we're going to try. And we will  
2 probably take a hit locally because of the fact that we couldn't get those things funded,  
3 when practically the \$90 million that the State shorted us is a direct result -- that's a  
4 one-to-one correlation. If we had that money we could fund those schools. And I think  
5 it's important for people to understand that. So we didn't just get hit with increased taxes  
6 for our residents. We've increased taxes so we could help everybody else fund their  
7 school system. It makes it harder for us to fund our school system locally because we  
8 spend such a high percentage of our own local dollars to fund our school system. And  
9 the commitments that were made to our Legislators also weren't kept, and so we're not  
10 getting even the paltry sum that we were hoping to get; we're getting less than that.  
11 We're down to about the \$44.5 million range -- 43 -- 46; \$46 million range of the \$55  
12 million that was promised to us. And so while we are struggling to fund a budget locally,  
13 the State, which has been addressing issues -- many of which have been made on their  
14 own, issues that they just chose not to address issues five or six years ago, we're  
15 taking, near as I can tell, at least two or three, potentially even four different hits locally.  
16 And so I think it's important for our taxpayers to fully understand the implications of  
17 what's happening at the State politically, from a policy level, and from a funding level,  
18 and how that's affecting the educational activities of their children and the children of  
19 our community. So when we're looking to try to make our investment, which I think is  
20 very significant, we're doing it on our own. We're not getting any help from the State  
21 level. And so I think it is critically important that we now -- that we not only focus on our  
22 State Delegation, but that we really turn our attention to the Governor and make sure  
23 that people understand the implications of the budgets that have been approved at the  
24 State level the last couple years. Our folks are taking it on the chin. And it is important  
25 for them to understand, that is a lot of the reason we're struggling with the things that we  
26 are right now. And so I just think it is important to build upon the comments that  
27 Councilmember Floreen and the Chair of the Education Committee, Councilmember  
28 Ervin, raised, because I'm not sure we can say that story enough right now because it  
29 tends not to get quite as much play because the General Assembly meets and then  
30 they kind of go away. And there is a disconnect between what happens there and then  
31 what happens here locally. And so I think it's important for our taxpayers to understand  
32 there is a direct relationship between the things that we have to try to fund locally and  
33 the things that don't get funded at the State level.

34  
35 Councilmember Ervin,

36 Thank you very much. I appreciate those comments. See no other lights, we're done.

37  
38 President Knapp,

39 Thank you very much. That concludes the Council's actions for the day. All right. Well  
40 done everyone. Thank you all very much.